

C-606 Henry Phillips Mesa 3 (Kerr McGee)
Engineer: Presley

Visited 9/13/55

This mine is the major producer for Kerr McGee. 2000 tons/month (80-90 ton/day) are produced working 2 shifts and 11 men to the shift. The adit is driven under the ore and 5 raises driven to the ore from X-Cuts off the main haulageway. Ore is broken in stopes, wheel barrowed to raises and dumped on sill below where it is mucked into cars with a mucking machine. 6-8 car trains are trammed to ore bin at portal with a Mancha Mule. Ore is 18' - 20' thick in spots. Estimated life - - - unless new reserves are found - - 5-6 months as no pillars have been pulled yet. Tonnage remaining estimated at 8 - 9,000 tons.

C-606 Parcel Nos. 3 & 5
Visited: 4/12/56

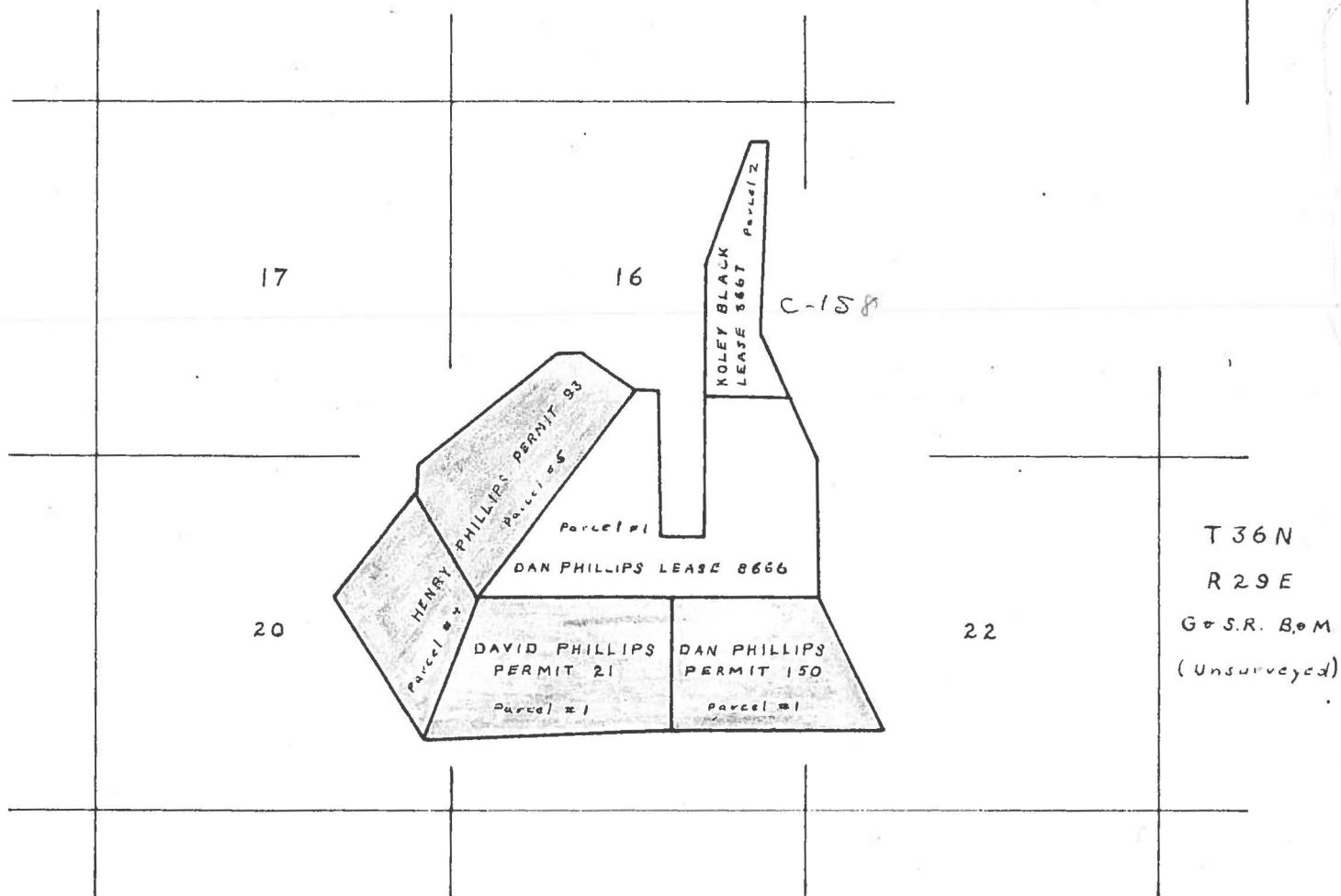
(April) Engineer: Hansen, Taylor

FINAL
Paid out bonus from production in February 1955. Visited 4/12/56 by Engineers Hansen and Taylor in connection with re-arrangement of certification pattern. Had been producing about 1000 tons/mo. since last bonus ore was mined. No irregularities noted with respect to bonus payments.

BY J.F.B. DATE 9/22/58 SUBJECT Appl. # 997 & 1035
CHKD. BY DATE Meras 2 & 3, Lukachukai 175
Apache Co., Arizona.

SHEET NO. OF
JOB NO.

Scale: 2" = 1 Mile



May 1, 1954

HENRY PHILLIPS
Mining Permit No. 93
Parcel No. 5

Beginning at corner No. 1, which is also corner No. 6 of Dan Phillips' lease Mesa No. 2, containing 239.43 acres, whose coordinates, based on U.S. A.E.C. data, as established by U.S. Coast and Geodetic Survey, being N 106,961.04 E 201,501.37; whence Luka, a U.S.G.S. triangulation station bears S 59° 47' 00" E 13,480.0'; thence N 52° 45' 00" W 930.0' to corner No. 2, a 2" iron pipe driven in the ground, whose coordinates are N 107,523.96 E 200,761.09; thence S 85° 45' 00" W 425.0' to corner No. 3 whose coordinates are N 107,492.46 E 200,337.27; thence S 52° 30' 00" W 2710.0' to corner No. 4 whose coordinates are N 105,842.72 E 198,187.29; thence S 15° 46' 00" E 217.5' to corner No. 5, a 2" iron pipe driven in the ground, whose coordinates are N 105,633.40 E 198,246.32, which is also corner No. 3 of parcel No. 4 Henry Phillips' permit; thence S 26° 42' 00" E 1990.0' to corner No. 6, a 2" iron pipe driven in the ground, whose coordinates are N 103,856.03 E 199,140.73, said corner being common with corner No. 2, parcel No. 4 Henry Phillips' permit; thence N 37° 15' 00" E 3900.0' to corner No. 1 and point of beginning, containing 126.72 acres located in Apache County, Arizona. All bearings, distances, and coordinates are based on U.S. A.E.C. Data as established by U.S. Geologic Survey.

Re attach this to application 997

October 3, 1955

Parcel #4 - Henry Phillips Permit No. 93

Beginning at Corner No. 1, a 2" iron pipe driven in the ground whose coordinates are N 101, 799.40 E 198359.49, which is also Corner No. 1 of Parcels 2 and 3 - Henry Phillips Permit No. 93; thence, N. 20° 48' 00" E a distance 2,200.0' to Corner No. 2, a 2" iron pipe driven in the ground whose coordinates are N 103, 856.04 E 199,140.74 and is common with Corner No. 7 of Parcel No. 1, Dan Phillips Lease No. 8666; thence, N26° 42' 00" W 1990.0' to Corner No. 3, a 2" iron pipe driven in the ground whose coordinates are N 105, 633.40 E 198, 246.39 which is also Corner No. 5 - Henry Phillips Permit No. 93; thence, S 37° 00' 00" W. 2,000 feet to Corner No. 4 which is also Corner No. 2, Henry Phillips Permit No. 93; thence S. 30° 29' 00" W. 2598.0' to Corner No. 1 and point of beginning; containing 92.98 acres located in Apache County, Arizona.

DESCRIPTIONS OF TRACTS INCLUDED IN
ASSIGNMENT OF DAVID PHILLIPS PERMIT NO. 21

Appendix with report

DAVID PHILLIPS
Mining Permit No. 21
Parcel No. 1

Beginning at corner No. 1, a 2" iron pipe driven in the ground whose coordinates are N 101, 912.12 E 202, 070.74 which is also corner No. 3, parcel No. 5 David Phillips mining permit No. 21; whence Luka, a U. S. C. S. triangulation station bears S 81° 06' 00" E a distance of 11, 213.0'; thence due North 1943.92' to corner No. 2, a 2" iron pipe driven in the ground whose coordinates are N 103, 856.04 E 202, 070.74 and is common with corner No. 5, parcel No. 1, Dan Phillips mining permit No. 1140; thence due West along the south boundary of Dan Phillips lease No. 8666, parcel No. 1 a distance of 2930.0' to corner No. 3, a 2" iron pipe driven in the ground whose coordinates are N 103, 856.04, E 199, 140.74 and is common with corner No. 7, parcel No. 1 Dan Phillips lease No. 8666; thence S 26° 48' 00" W 2200.0' along the East boundary of Henry Phillips mining permit No. 93, parcel No. 4 to corner No. 4, a 2" iron pipe driven in the ground whose coordinates are N 101, 799.40 E 198, 359.49 said corner being common with corner No. 1 of parcels 2-3-4, Henry Phillips mining permit No. 93; thence N 88° 16' 00" E 3713.0' to corner No. 1 and point of beginning containing 154.96 acres located in Apache County, Arizona. All bearing, distances, and coordinates are based on U. S. A. E. C. data as established by U. S. Coast and Geodetic Survey.

DAVID PHILLIPS
Mining Permit No. 21
Parcel No. 2

Beginning at corner No. 1, a 2" iron pipe driven in the ground whose coordinates are N 101, 912.12 E 202, 070.74; being common with corner No. 1, parcel No. 1 David Phillips mining permit No. 21; whence Luka, a U. S. Coast & Geodetic Survey triangulation station bears S 81° 06' 00" E 11, 213.0'; thence S 88° 16' 00" W 3713.0' to corner No. 2, a 2" iron pipe driven in the ground whose coordinates are N 101, 799.40 E 198, 359.49 and is common with corner No. 4, parcel No. 1 David Phillips mining permit No. 21; thence S 33° 59' 00" E 2900.2' to corner No. 3, a 2" iron pipe driven in the ground whose coordinates are N 99, 448.57 E 199, 911.03 and is common with corner No. 2, parcel No. 3 David Phillips mining permit No. 21; thence N 41° 28' 00" E 3361.50' to corner No. 1 and point of beginning containing 101.92 acres located in Apache County, Arizona. All bearings, distances, and coordinates are based on U. S. A. E. C. data as established by U. S. Coast and Geodetic Survey.

DAVID PHILLIPS
Mining Permit No. 21
Parcel No. 3

Beginning at corner No. 1, a 2" iron pipe driven in the ground whose coordinates are N 101, 912.12 E 202, 070.74; whence Luka, a U. S. Coast and Geodetic Survey triangulation station bears S 81° 06' 00" E 11, 213.0'; thence S 88° 16' 00" W 3713.0' to corner No. 2, a 2" iron pipe driven in the

No. 8666; thence S 20° 13' 00" W 2200.0' along the East boundary of Henry Phillips mining permit No. 93, parcel No. 4 to corner No. 4, a 2" iron pipe driven in the ground whose coordinates are N 101, 799.40 E 198, 359.49 said corner being common with corner No. 3 of parcels 2-3-4, Henry Phillips mining permit No. 93; thence N 86° 16' 00" E 3713.0' to corner No. 1 and point of beginning containing 154.96 acres located in Apache County, Arizona. All bearing, distances, and coordinates are based on U. S. A. E. C. data as established by U. S. Coast and Geodetic Survey.

DAVID PHILLIPS
Mining Permit No. 21
Parcel No. 2

Beginning at corner No. 1, a 2" iron pipe driven in the ground whose coordinates are N 101, 912.12 E 202, 070.74 being common with corner No. 1, parcel No. 1 David Phillips mining permit No. 21; whence Luka, a U. S. Coast & Geodetic Survey triangulation station bears S 81° 06' 00" E 11, 213.0'; thence S 86° 16' 00" W 3713.0' to corner No. 2, a 2" iron pipe driven in the ground whose coordinates are N 101, 799.40 E 198, 359.49 and is common with corner No. 4, parcel No. 1 David Phillips mining permit No. 21; thence S 33° 59' 00" E 2890.0' to corner No. 3, a 2" iron pipe driven in the ground whose coordinates are N 99, 468.57 E 199, 911.03 and is common with corner No. 2, parcel No. 3 David Phillips mining permit No. 21; thence N 41° 28' 00" E 3261.50' to corner No. 1 and point of beginning containing 101.92 acres located in Apache County, Arizona. All bearings, distances, and coordinates are based on U. S. A. E. C. data as established by U. S. Coast and Geodetic Survey.

DAVID PHILLIPS
Mining Permit No. 21
Parcel No. 3

Beginning at corner No. 1, a 2" iron pipe driven in the ground whose coordinates are N 101, 912.12 E 202, 070.74; whence Luka, a U. S. Coast and Geodetic Survey triangulation station bears S 81° 06' 00" E 11, 213.0'; thence S 41° 28' 00" W 3261.50' to corner No. 2, a 2" iron pipe driven in the ground whose coordinates are N 99, 468.57 E 199, 911.03; thence S 33° 59' 00" E 3396.50' to corner No. 3, a 2" iron pipe driven in the ground whose coordinates are N 96, 661.07 E 201, 823.51 said corner being common with corner No. 1 of parcels 1 - 2 Koley Black's permit No. 239 upper Flag Mesa; thence N 02° 42' 00" E 5257.0' to corner No. 1 and point of beginning containing 125.57 acres located in Apache County, Arizona. All bearings, distances, and coordinates are based on U. S. A. E. C. data as established by the U. S. Coast and Geodetic Survey.

DAVID PHILLIPS
Mining Permit No. 21
Parcel No. 4

Beginning at corner No. 1, a 2" iron pipe driven in the ground whose coordinates are N 97, 580.00 E 204, 782.90 being common with corner No. 1, parcel No. 5 David Phillips mining permit No. 21; thence N 32° 03' 00" W 5, 111.0' to corner No. 2, a 2" iron pipe driven in the ground whose coordinates are N 101, 912.12 E 202, 070.74 being common with corner No. 1, parcels No. 1-2-3 David Phillips mining permit No. 21; whence like, a U. S. Coast and Geodetic Survey triangulation station bears S 81.06' 00" W 11, 213.0' thence S 02° 42' 00" W 5257.0' to corner No. 3, a 2" iron pipe driven in the ground whose coordinates are N 94, 644.07 E 201, 023.51 and is common with corner No. 1, parcels 1-2 Koley Black's mining permit No. 239 upper Flag Mesa; thence N 77° 11' 33" E 3098.44' to corner No. 1 and point of beginning containing 150.0 acres located in Apache County, Arizona. All bearings, distances, and coordinates are based on U. S. A. E. C. data as established by U. S. Coast and Geodetic Survey.

DAVID PHILLIPS
Mining Permit No. 21
Parcel No. 5

Beginning at corner No. 1, a 2" iron pipe driven in the ground whose coordinates are N 97, 580.00 E 204, 782.90; thence like, a U. S. A. E. C. triangulation station bears N 77° 05' 00" E 6, 760.73; said corner being common with corner No. 4, parcel No. 2 Billy Zepher mining permit No. 22; thence N 05° 56' 00" E 4355.50' to corner No. 2, a 2" iron pipe driven in the ground whose coordinates are N 101, 912.12 E 205, 232.61 and is common with corner No. 4, parcel No. 2 Ben Phillips mining permit No. 1403 thence due West 3161.87' along the south boundary line of Ben Phillips mining permit No. 150, parcel No. 1, to corner No. 3, a 2" iron pipe driven in the ground whose coordinates are N 101, 912.12 E 202, 070.74; whence like, a U. S. A. E. C. triangulation station bears S 81.06' 00" E 11, 213.0' said corner being common with corner No. 1, parcel No. 1 Ben Phillips mining permit No. 150, also common with corner No. 1, parcel No. 1 David Phillips mining permit No. 21; thence S 32° 03' 00" E 5111.0' to corner No. 1 and point of beginning containing 157.94 acres, located in Apache County, Arizona. All bearings, distances, and coordinates are based on U. S. A. E. C. data as established by U. S. Coast and Geodetic Survey.

OPERATING AGREEMENT

(As to Mining Permit)

Between KERR-McGEE OIL INDUSTRIES, INC., a Delaware Corporation, hereinafter sometimes called "Operator", and

DAN PHILLIPS of Dove Creek, Colorado,
sometimes called "Non-Operator" hereinafter.

WITNESSETH:

WHEREAS, Non-Operator is the owner of that certain Mining Permit identified in the schedule attached hereto as Exhibit "A", made a part hereof for all purposes, covering and embracing the lands described in connection therewith; said lands covered and embraced by the said mining permit sometimes hereafter being called the "Property"; and the Non-Operator desires to have the property explored and developed for mining purposes; and Operator is in the business of exploring and developing mining properties and possesses the necessary resources and facilities therefor; and the parties mutually desire the property to be so explored and developed by the Operator for their mutual benefit in accordance with all of the terms and provisions hereof.

NOW, THEREFORE, in consideration of the premises and the payment by Operator to Non-Operator of the sum of \$ Ten and No/100, receipt of which is acknowledged by Non-Operator by his execution hereof, and of the further agreements herein contained, the parties have agreed, and do hereby agree, as follows:

1. Said KERR-McGEE OIL INDUSTRIES, INC., is hereby designated and constituted the Operator of and with respect to the property, and, as such Operator, is, and shall be, vested with the exclusive control of the same and the exclusive right, power and authority to carry on any and all activities permitted pursuant to the provisions of said mining permit in connection with the exploration, development, and mining of the property, including the exclusive right and power to extract and produce from the property all ores, metals and minerals covered or embraced by the said mining permit, and to handle and/or treat the same as it may deem advisable and to sell or otherwise convert or dispose of the same for value, and to receive the proceeds from all such sales, conversions or other dispositions for value.
2. Non-Operator shall have no liability, obligation, nor risk of any kind or character with respect to or in connection with any of the activities of Operator pursuant to the provisions of this instrument, and Operator hereby indemnifies Non-Operator against all loss or damage in connection with such activities.
3. Operator Agrees:
 - (a) To operate the property in a workmanlike manner and in accordance with applicable laws and regulations, and, if the property be abandoned, to leave any mines thereon timbered as they were upon such abandonment;
 - (b) Not to cut timber from the property for operations thereon except in compliance with applicable legal regulations, and, if the same require any payment therefor, to make such payments as may be so required;
 - (c) To comply strictly with the terms of the said mining permit and to furnish all bonds, perform all development work, and pay all rentals and royalties provided for therein, and generally to discharge the obligations of Non-Operator, as permittee, under the said mining permit;
 - (d) To comply with all applicable lawful regulations of the Navajo Tribe of Indians and the federal government presently in force and all further such regulations which are reasonable and do not adversely affect the rights or powers of Operator herein granted to it.
 - (e) To give Non-Operator first preference for employment on the property at the prevailing wage rate, and to employ available Navajo Indians in all positions which, in the opinion of Operator, they are qualified, at prevailing wage rates; and
 - (f) Prior to or forthwith, upon approval of this instrument by all authorities of the Navajo Tribe and/or the Department of Interior whose approval hereof may be requisite, to explore the property to determine its capability of producing uranium ores in commercial quantities and, if such exploration indicates commercial uranium mining is feasible, to commence, within six months after such approval, actual mining activities and, if such activities have not resulted in production in commercial quantities, to continue such exploration and/or development work in a bona fide attempt to develop commercial mining; and failure to carry on such mining activities shall give Non-Operator the right, upon written notice to Operator, at its Navajo Uranium Division Office, to declare Operator, in default hereunder and thereupon, unless Operator, within thirty days of receipt of said notice resumes and thereafter continuously prosecutes such activities, this instrument shall be automatically cancelled and terminated without any liability or responsibility from one party to the other except for Operator's right of removal of its property, as hereinafter provided for in Section 5.
4. With respect to all ore produced from the property and (i) sold, or (ii) removed from the property for treatment preparatory to sale or other disposition or conversion for value, Operator agrees to pay to Non-Operator cash in the amounts resulting from the application of the following provisions:
 - (a) With respect to such ore having a "mine value per dry ton" (as hereinafter defined) of \$30.00 or less, 2 % of the mine value per dry ton;
 - (b) With respect to such ore having a mine value per dry ton of more than \$30.00 and not more than \$60.00, 3 % of the mine value per dry ton;
 - (c) With respect to such ore having a mine value per dry ton of more than \$60.00 and not more than \$80.00, 4 % of the mine value per dry ton; and

(d) With respect to such ore having a mine value per dry ton of more than \$80.00,5.....% of the mine value per dry ton; provided,

that, it is understood and agreed that this instrument is entered into subject to the applicable regulations of the Navajo Tribal Council and that pursuant thereto the Advisory Committee of the Navajo Tribal Council may, at any time after five (5) years from the date of the first sale of Uranium ore produced from the property, reduce the payments hereinabove agreed to be paid by Operator to Non-Operator or entirely eliminate the same if the Advisory Committee shall determine that such payments are so burdensome as to make the further operation of the property impracticable or unprofitable.

"Mine value per dry ton", wherever used herein, is hereby defined as the dollar value per dry ton of crude ores at the mine as paid for by the Atomic Energy Commission or other government agency before allowance for transportation and development; however, if the government at any time hereinafter does not establish and pay for said ores on a fixed or scheduled dollar value per dry ton of crude ores at the mine, or said ores contain saleable minerals, some, or all, of which are disposed of to a custom treatment plant or smelter for treatment and sale, then mine value per dry ton shall be the gross value per dry ton of said crude ore as paid for by the Atomic Energy Commission or other government authorized agency, mill or other buyer, less any allowances or reimbursements for the following specific items: (1) transportation of ores; (2) allowance for exploration for, or development of ores; and (3) treatment or beneficiation of ores; which specific items shall in such event be deducted from the gross sales price received from the metal content of said ores by the Seller before said percentage payment is calculated and paid.

The payments hereinabove provided for shall, with respect to all ore produced from the property and in any month sold, or removed from the property for treatment preparatory to sale or other disposition or conversion for value, be made on or before the 15th day of the month next following receipt by Operator of payment for said ores (in the case of sales) or the cash or other value received upon such other disposition or conversion; and Operator shall furnish to Non-Operator with every payment an accounting statement of the mine value per dry ton of such ores, and reflecting the proper computation of the payment due with respect to such ores, said payments and said statement to be mailed by Operator to Non-Operator at his address as last given by the latter to Operator, or delivered to Non-Operator in person, at Operator's option.

Operator shall not be liable for any other payments or compensation of any kind or character to Non-Operator except as may be further stated in this Section.

5. This instrument shall remain in force and effect so long as the said mining permit and/or any lease issued pursuant thereto, or any renewal or extension of either thereof, or any new mining permit or lease granted in lieu of either thereof, is in force and effect as to any portion of the property, provided that Operator, if not in default with respect to any of the provisions hereof (including compliance with all lease or permit Obligations) shall have the right and option, upon 20 days prior written notice of intention to do so mailed to Non-Operator at his address as last given by him to Operator, to surrender and terminate its rights and powers and obligations hereunder as to all or any portion of the property. If surrender and termination is made as to all of the property, neither party shall have any further obligation or liability of any kind or character to the other except to discharge all obligations accrued up to the date of surrender and termination and except that Operator shall thereafter have a reasonable period of time to remove from the property all property owned by it which is removable therefrom pursuant to the provisions of the said mining permit or lease issued pursuant thereto, and this instrument, and the placement of any items of property by Operator or others upon the property shall give Non-Operator no rights of any kind with respect thereto except as said items may be such as are required to be left on the property by the provisions of the said mining permit, lease or of this instrument. If the surrender and termination is partial as to only a portion of the property, the foregoing provisions shall be applicable as to the said portion, but Operator's rights, powers and obligations shall remain in force and effect as to the remainder of the property and this instrument shall thereafter relate, and be construed to relate, only to the remaining portion not surrendered.

6. It is specifically understood and agreed that Non-Operator remains the owner and holder of the property right created by virtue of the said mining permit, that this instrument is not an assignment or sub-lease thereof and that Operator does not acquire any property estate by virtue hereof, and that no partnership or joint venture of any kind is created hereby. Non-Operator, in order to finance and create value with respect to his property right, has entered into this agreement with Operator to provide for the development of the property and all of such activities are those of Operator. In view of substantial investment thus to be incurred by Operator, Non-Operator agrees to co-operate to the fullest in everything necessary to maintain his property right in full force and effect, not to do anything to embarrass or hinder Operator in the discharge of its obligations and liabilities or the exercise of its rights hereunder, not to vest, or purport to vest, anyone else with rights, powers, or authority inconsistent with those granted to Operator hereunder, and, while Operator is not in default of any of its obligations or undertakings hereunder, not to institute any action of any kind to oust Operator from the control and working of the property hereinabove granted to it.

7. This instrument abrogates and supersedes any prior agreement of the parties with respect to any or all of the matters and the property covered hereby and states and includes the entire agreement between the parties respecting the property.

8. This instrument is and shall be binding upon, and shall inure to the benefit of, not only the parties hereto, but also the heirs, devisees, legatees, administrators, executors, trustees, assigns, representatives, and successors of each.

IN WITNESS WHEREOF the parties have duly executed this instrument as of the 8th day of May

1953

KERR-McGEE OIL INDUSTRIES, INC.

ATTEST:

J. C. Lowe

Vice-President

S. B. Robinson

Assistant Secretary

"OPERATOR"

Dan Phillips

"NON-OPERATOR"

JOINDER BY WIFE

The undersigned Pearl Phillips, wife of the said Dan Phillips, who executed the foregoing instrument as Non-Operator, hereby joins in the said instrument and shall be bound by all of the terms and provisions thereof the same as if she were named as, and executed the same as, a party thereto.

Pearl Phillips

STATE OF COLORADO
COUNTY OF MONTEZUMA } SS.

BE IT REMEMBERED, That on this 8th day of May, A.D., 1952, before me, a Notary Public, in and for said County and State, personally appeared Dan Phillips and Pearl Phillips

to me known to be the identical person S described in and who executed the within and foregoing instrument and acknowledged to me that they executed the same as their free and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my official signature and affixed my notarial seal, the day and year first above written.

My commission expires:

Jylene D. Willden
Notary Public

May 17, 1953

April 26, 1954

DAN PHILLIPS MINING PERMIT NO. 150

PARCEL NO. 1

Beginning at corner No. 1, a 2" iron pipe driven in the ground, whose coordinates, based on U.S.A.E.C. data as established by U.S. Coast & Geodetic Survey, are N 101,912.12 E 202,070.74, said corner being common with corner No. 1, Parcel No. 1, David Phillips' Mining Permit No. 21, whence Luke, a U.S.G.S triangulation station bears S 81° 06' 00" E 11,213.0'; thence due East 3161.87 along the North boundary of Parcel No. 5 David Phillips' Mining Permit No. 21 to corner No. 2, whose coordinates are N 101,912.12 E 205,232.61 and is common with corner No. 3, Parcel No. 1 Billy Topaha's Permit No. 22; thence N 23° 23' 00" W 2003.0' to corner No. 3, a 2" iron pipe driven in the ground whose coordinates are N 103,750.02 E 204,438.06 and is common with corner No. 9, Parcel No. 1, Koley Black's Lease No. 8667; thence N 61° 45' 00" W 223.0' to corner No. 4 whose coordinates are N 103,856.04 E 204,240.74 and is common with corner No. 8, Parcel No. 1 Dan Phillips' Lease No. 8666; thence due West 2170.0' along the South boundary of Parcel No. 1, Dan Phillips' Lease No. 8666 to corner No. 5 whose coordinates are N 103,856.04 E 202,070.74 and is common with corner No. 2, Parcel No. 1, David Phillips' Permit No. 21; thence due South 1943.92' to corner No. 1 and point of beginning, containing approximately 120.0 acres located in Apache County, Arizona.

April 26, 1954

DAN PHILLIPS' MINING PERMIT NO. 150

PARCEL NO. 2

Beginning at corner No. 1, a 2" iron pipe driven in the ground, whose coordinates, based on U.S.A.E.C. data as established by U.S. Coast & Geodetic Survey, are N 103,211.19 E 209,352.68, whence Luka, a U.S.G.S. triangulation station, bears S $51^{\circ} 23' 00''$ E 4860.0'; thence N $53^{\circ} 47' 00''$ W 2263.0' to corner No. 2, whose coordinates are N 104,548.34 E 207,527.20 and is common with corner No. 10, Parcel No. 1 Koley Black's Lease No. 8667; thence S $75^{\circ} 30' 00''$ W 3190.0' to corner No. 3, a 2" iron pipe driven in the ground whose coordinates are N 103,750.02 E 204,438.06 and is common with corner No. 9, Parcel No. 1 Koley Black's Lease No. 8667; thence S $23^{\circ} 23' 00''$ E 2003.0' to corner No. 4, a 2" iron pipe driven in the ground whose coordinates are N 101,912.12 E 205,232.61 and is common with corner No. 2, Parcel No. 5, David Phillips' Mining Permit No. 21; thence N $72^{\circ} 30' 00''$ E 4320.0' along the North boundary of Billy Topaha's Mining Permit No. 22 to corner No. 1 and point of beginning, containing approximately 157.30 acres located in Apache County, Arizona.

April 26, 1954

DAN PHILLIPS' PERMIT NO. 150

PARCEL NO. 3

Beginning at corner No. 1, a 2" iron pipe driven in the ground, whose coordinates, based on U.S.A.E.C. data as established by the U.S. Coast & Geodetic Survey, are N 107,221.95 E 208,773.93, and is common with corner No. 11, Parcel No. 1, Koley Black's Lease No. 8667, whence Luka, a U.S.G.S. triangulation station, bears S 35° 54' 00" E 7462.0'; thence S 25° 00' 00" W 2950.0 to corner No. 2, a 2" iron pipe driven in the ground whose coordinates are N 104,548.34 E 207,527.20 and is common with corner No. 10, Parcel No. 1, Koley Black's Lease No. 8667; thence S 53° 47' 00" E 2263.0' to corner No. 3, a 2" iron pipe driven in the ground whose coordinates are N 103,211.19 E 209,352.68'; thence N 20° 00' 00" E 2930.0' to corner No. 1 and point of beginning, containing approximately 140.70 acres located in Apache County, Arizona.

Acknowledgment, Corporation

State of Oklahoma)
County of Oklahoma) SS.

Before me, the undersigned, a Notary Public, in and for said County and State, on this 8th day of May, 1952, personally appeared F. C. Love to me known to be the identical person who subscribed the name of the maker thereof to the foregoing instrument as its Vice-President and acknowledged to me that he executed the same as his free and voluntary act and deed and as the free and voluntary act and deed of such corporation, for the uses and purposes therein set forth.

My commission expires:

/s/ Lucile Gorden
Notary Public

expires October 19, 1952

APPROVED BY ADVISORY COMMITTEE

May 5, 1954
(Date)

/s/ Sam Ahkeah
Chairman, Navajo Tribal Council

APPROVED Jan. 24, 1955

/s/ illegible
Area Director

Office Memorandum • UNITED STATES GOVERNMENT

TO : R. H. Toole, Chief, Leasing and
Development Branch, Mining Division, GJ

DATE: October 10, 1955

FROM : John X. Combo, Attorney, GJ *JXC*

SUBJECT: CERTIFICATION OF PARCELS 4 AND 5 - HENRY PHILLIPS PERMIT NO. 93,
PARCEL NO. 1 - DAVID PHILLIPS PERMIT NO. 21, PARCEL NO. 1 - DAN
PHILLIPS PERMIT NO. 150, SHIPROCK MINING DISTRICT, NAVAJO INDIAN
RESERVATION, LUKACHUKAI MOUNTAINS LOCALITY, APACHE COUNTY, ARIZONA
(APPLICATION NO. 997 & 1035)

SYMBOL: OC:JXC

On the basis of the engineer's report, there appears to be no legal
objection to certification of this property.

Enclosure:

Engineer's report, w/attachment

CC: Finance Division

Don R. Hill, Chief, Development Section,
Leasing & Development Branch, Mining Division, GJ

October 3, 1955

J. F. Brown, Mining Engineer, Leasing & Development Branch
Mining Division, GJ

CERTIFICATION OF PARCELS 4 AND 5 - HENRY PHILLIPS PERMIT NO. 93,
PARCEL NO. 1 - DAVID PHILLIPS PERMIT NO. 21, PARCEL NO. 1 - DAN
PHILLIPS PERMIT NO. 150, SHIPROCK MINING DISTRICT, NAVAJO INDIAN
RESERVATION, LUKACHUKAI MOUNTAINS LOCALITY, APACHE COUNTY, ARIZONA

SYMBOL: MD:JFB

Abstract:

Parcels 4 and 5 - Henry Phillips Permit No. 93, Parcel No. 1 -
David Phillips Permit No. 21, Parcel No. 1 - Dan Phillips Permit
No. 150, are located on the Navajo Indian Reservation, Shiprock
District, Lukachukai Mountains locality, Apache County, Arizona.
The property appears to lie in approximate unsurveyed sections
16, 20, 21, and 22, T. 36 N., R. 29 E., G. & S.R. B&M.

The Finance Division reports that there is no record of production
from the above tracts during the critical period.

Ore has been sold from Parcel 5 - Henry Phillips Permit No. 93
and Parcel No. 1 - Dan Phillips Permit No. 150. Mines are cur-
rently operating on Parcel 5 - Henry Phillips Permit No. 93.

It is recommended that Parcels 4 and 5 - Henry Phillips Permit
No. 93, Parcel No. 1 - David Phillips Permit No. 21, Parcel No. 1 -
Dan Phillips Permit No. 150 be certified as a single eligible unit
to receive bonus payments on 10,000 pounds of U308.

Introduction:

An Application for Certification of Parcel No. 5, Henry Phillips
Permit No. 93 (Mesa 3), was received on January 3, 1955, from
Mr. F. Bolton, Manager, Mining and Exploration, Navajo Uranium
Division, Kerr-McGee Oil Industries, Inc. An Application for
Certification of Parcel No. 1 - Dan Phillips Permit No. 150 was
received on February 14, 1955, from Mr. Bolton.

The property was examined on March 30, 1955, in the company of
Mr. John F. Shive, an engineer for the Navajo Uranium Division.
The tracts applied for and adjacent Kerr-McGee holdings were
generally examined on July 22-23, 1955. Mr. Charles K. Presley,

OFFICE ▶	Mining Engineer, GJ, was present.				
SURNAME ▶	J. F. Brown JFBrown:mg	Taylor Taylor	Hill Hill	Toole Toole	
DATE ▶	10-3-55	10-5-55	10/5/55	10/6/55	

The Navajo Uranium Division of Kerr-McGee Oil Industries, Inc., is the principal uranium producer in the Shiprock District. Records of the Window Rock Office, Bureau of Indian Affairs, indicate that the company holds 2,965 acres under assignment of Navajo Tribal Leases and Tribal Permits in the Lukachukai Mountains. The company also operates the uranium mill at Shiprock, New Mexico.

Status of the Land:

Parcels 4 and 5 - Henry Phillips Permit No. 93, Parcel No. 1 - David Phillips Permit No. 21, Parcel No. 1 - Dan Phillips Permit No. 150, are located on the Navajo Indian Reservation, Shiprock District, Lukachukai Mountains locality, Apache County, Arizona. The property appears to lie in approximate unsurveyed sections 16, 20, 21, and 22, T. 36 N., R. 29 E., G. & S.R. S.&M.

The lands affected were open to acquirement of mining rights under the Regulations of the Navajo Indian Reservation as evidenced by issuance of the following Navajo Tribal Mining Permits:

1. David Phillips Permit No. 21 approved April 26, 1952.
2. Henry Phillips Permit No. 93 approved December 27, 1954.
3. Dan Phillips Permit No. 150 approved January 24, 1955.

Further, these permits are currently in good standing.

The property can be reached by traveling south from Shiprock, New Mexico, on U. S. Highway 666 for six miles; thence, west to Cove School, Arizona, on gravelled road for 35 miles; thence, southwest on gravelled and dirt roads to Mesa #3.

The property was surveyed by company engineers and a map thereof was submitted. Ties were made to U. S. Coast and Geodetic triangulation stations and the A.E.C. triangulation network. The company used the A.E.C. coordinate system to permit direct correlation of A.E.C. drill data with private drilling and mining.

Parcels were marked by painted iron poles at corners. The tracts appeared to be located on the ground as indicated on the map and described in approved Tribal Mining Permits or assignments thereof.

Ownership:

Navajo Tribal Mining Permit No. 21 was granted to David Phillips. The permit was approved on April 26, 1952, and is effective for a full period of two years subject under certain conditions to cancellation. In an Assignment of Mining Permit made on May 2, 1955,

October 3, 1955

David Phillips conveyed full and entire interest in Mining Permit No. 21 to Kerr-McGee Oil Industries, Inc., The Assignment was approved on August 29, 1955.

Navajo Tribal Mining Permit No. 93 was granted to Henry Phillips. The permit was approved on December 10, 1953, and is effective for a full period of two years subject under certain conditions to cancellation. In an Assignment of Mining Permit made on November 11, 1953, Henry Phillips and Emaree Phillips conveyed full and entire interest in Mining Permit No. 93 to Kerr-McGee Oil Industries, Inc. The Assignment was approved on February 16, 1954.

Navajo Tribal Mining Permit No. 150 was granted to the Estate of Dan Phillips. The permit was approved on January 24, 1955. Prior to the issuance of the permit Dan Phillips had held a tract of land in the general vicinity of the lands described in Permit No. 150. This tract included 320 acres and was held under a numberless permit approved on October 31, 1950. On May 8, 1952, Kerr-McGee Oil Industries entered into an Operating Agreement with Dan Phillips. The Agreement provided that Kerr-McGee Oil Industries, Inc., as Operator, be vested with exclusive control to carry out exploration, development, and mining activities on the property. The instrument provided for a term equivalent to the life of the permit. The lands covered by the numberless permit were resurveyed and the resurvey was filed with the Navajo Agency on May 5, 1954. In a Stipulation made on May 1, 1954, by Kerr-McGee Oil Industries, Inc., the following was noted:

1. Kerr-McGee Oil Industries, Inc., held Operating Agreement dated May 8, 1952, with Dan Phillips on Mining Permit dated September 29, 1950.
2. Permit was extended for a term of two years approved October 22, 1952.
3. Lands affected were described in resurvey filed on May 5, 1954, with Navajo Agency. (Note these differ materially from original tract.)
4. Permittee, Dan Phillips, is deceased and no estate probate proceedings or other determination instituted.
5. So that Kerr-McGee might proceed in development of property, said company stipulated and agreed to 13 provisions in accordance with their operating agreement with Dan Phillips and reservation regulations.

Stipulation was approved by Window Rock Office on January 24, 1955.

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October 3, 1955

Initial production came from Parcel No. 5 - Henry Phillips Permit No. 93 on Mesa 3 in November 1954. Mining on Parcel No. 1, Dan Phillips Permit No. 150 appears to have started in January 1955. At the time of initial production on the group recommended, Kerr-McGee Oil Industries, Inc., held Parcel 5 - Henry Phillips Permit No. 93. The company held a Dan Phillips Tract under an Operating Agreement on a numberless permit. This tract later was amended to include Parcels 1, 2, and 3, as described in Navajo Tribal Mining Permit No. 150. Amended description appears to have become effective at time of submission of new plat to Window Rock Office on May 5, 1954.

The following tracts are contiguous or adjacent:

1. Parcel #3 - Henry Phillips Permit No. 93
2. Parcels #1 & 2 - Dan Phillips Lease No. 8666
3. Parcels #2 & 3 - Dan Phillips Permit No. 150
4. Parcels #2, 3, 4, 5 - David Phillips Permit No. 21
5. Parcel #2 - Tom Joe Permit No. 84
6. Parcel #1 - Koley Black Lease #8667.

All these tracts are under assignment to Kerr-McGee Oil Industries, Inc., except Tom Joe Permit No. 84, which is unassigned.

The applicant has the right to apply as assignee of mining rights under the Regulations of the Navajo Indian Reservation.

No conflicts were noted.

Production:

One mine is currently operating on Parcel 5 - Henry Phillips Permit No. 93 - on Mesa No. 3. Mining is underground. Thirty Navajos are employed on two shifts. Track haulage is used from working places to surface ore bin. Broken rock on levels is loaded with a small mucking machine. Ore from stopes above haulage level is dropped into slides or chutes. Two 500-c.f.m Jaeger compressors supply compressed air to the mine. About 2,000 tons of ore are produced per month. The company expects to maintain present production from the Parcel 5 tract for at least one year.

Kerr McGee is currently drilling on the property on Mesas 2 and 2½. Drilling appears to be of a development nature, offsetting A.E.C. holes.

Mines on Parcel No. 1 - Dan Phillips Permit No. 150 - were not operating at times of examination.

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SURNAME ►					
DATE ►					

The Finance Division reports that there is no record of production on the tracts affected during the critical period.

If certified, the property is eligible to receive bonus payments on 10,000 pounds of U_3O_8 .

Ore Reserve Data:

1. Formation - Salt Wash
2. Metallurgical Type - #15 (Carnotite, High Vanadium, Intermediate Line)
3. Availability:
Mining - B Metallurgy - A Access - A
4. Discovery:
Source - ABC Method - Drilling
Delineation or Development:
Source - Private Method - Drilling
5. Average Drilling Depth - 200-250 - Upper Mesa 3
350-400 - Upper Mesa 2
6. Ore Reserves:

	Tons	Thickness	Percent		
			U_3O_8	V_2O_5	$CaCO_3$
Indicated	25,000	4'	0.25	1.0	6
Inferred	15,000	4'	0.25	1.0	6
Total	40,000	4'	0.25	1.0	6

Recommendations:

It is recommended that Parcels 4 and 5 - Henry Phillips Permit No. 93, Parcel No. 1 - David Phillips Permit No. 21, Parcel No. 1 - Dan Phillips No. 150 be certified as a single eligible unit to receive bonus payments on a 10,000 pounds of U_3O_8 .

Approved descriptions of the tracts are as follows:

- * Parcel # 4 - Henry Phillips Permit #93 - See sheet attached at end.
- Parcel # 5 - Henry Phillips Permit #93 - See application
- Parcel # 1 - David Phillips Permit #21 - See assignment
- Parcel # 1 - Dan Phillips Permit #150 - See Operating Agreement

* Description taken from plat supplied by Kerr-McGee. Window Rock Office has copy. Checks with ties to approved adjacent tracts.

Discussion I - Basis of Recommendation

Two applications were submitted for the following tracts:

<u>Tract</u>	<u>Indian</u>	<u>Acres</u>
Parcel #5 - Permit 93	Henry Phillips	126.72
Parcel #1 - Permit 150	Dan Phillips	120.00
		<u>246.72</u>

The writer believes that, under the criteria of Domestic Uranium Program Circular 6, the tracts are not eligible for separate certification.

The two tracts applied for and the four tracts recommended as an eligible unit are part of a large group of contiguous tracts on which Kerr-McGee Oil Industries, Inc., holds lawful possession of mining rights. Mining rights were obtained by Assignments of Tribal Leases or Tribal Mining Permits. Records of the Window Rock Office indicate that the corporation acquired 75% interest in each of two leases:

Don Phillips Lease # 8666
Koley Black Lease # 8667.

Under the Assignment of Tribal Mining Permits, full and entire interest in the permit is transferred or conveyed. Under an Operating Agreement, the corporation is vested with exclusive control of property and exclusive power and authority over all activities permitted pursuant to mining permit. Records appear to indicate that no development or mining were done by the individual Indian under the permit granted to him. Except for activities conducted by other private operators on Parcels 1 and 2, Don Phillips Lease 8666 and Parcels 1 and 2, Koley Black Lease 8667, operations have been controlled and conducted on the various tracts by Kerr-McGee Oil Industries, Inc.

D.U.P. Circular 6 states that "The title or interest in the property should be one of ownership or lawful possession of mining rights. This type of holding will generally be that of owner or leaser." Present policy of the Commission recognizes that ignoring the role played by the lessee or assignee of a group of holdings might have the effect of increasing bonus payments without advancing the purpose of the bonus or be otherwise contrary to the purpose of the circular.

The two tracts applied for, the four tracts recommended for certification and other contiguous tracts not included for other reasons, are held to be of one title or interest, namely, Kerr-McGee Oil Industries, Inc., by lawful possession of mining rights, through Assignment of Tribal Mining Lease or Tribal Mining Permit.

The proposed eligible unit consists of four tracts on the north flank of the Lukachukai Mountains. Here, the terrain consists of mesas cut by deep canyons. Except for part of Parcel No. 5, which covers Mesa No. 3, the property under consideration lies at the upper part of Mesas 2 and 3 where the terrain rises steeply to the south toward the high Chuska ridge. The rock formations are largely horizontal. The ore-bearing Salt Wash member of the Morrison Formation outcrops somewhat below the mesa top. The formation appeared to be generally well exposed.

The four tracts recommended as an eligible unit are contiguous to Parcel No. 1 - Dan Phillips Lease No. 8666. This latter tract and the tract south of it on Mesa No. 2, Parcel No. 2 - Koley Black Lease 8667 were part of the original holdings acquired by Kerr-McGee Oil Industries, Inc., apparently around May 1952. Prior to this time, mines were operated on Parcel #1 - Dan Phillips Lease No. 8666 by the Navajo Uranium Company under R. O. Bulaney, Jr., and G. R. Kennedy. The Navajo Uranium Company took over this tract and others from F. A. Sitten, Inc., in August 1951. The Navajo Uranium Company applied for certification in September 1952 for 8,554.73 pounds of U_3O_8 . Of the \$29,392.91 paid in bonus on this tract, Kerr-McGee Oil Industries, Inc., received \$20,626.40 or 70% of the total paid.

The four tracts recommended herein as an eligible unit and the certified tract have what appears to be a common ore horizon. This is the Salt Wash member of the Morrison, generally exposed in the rims and on the north flank of the mountains. Kerr-McGee Oil Industries, Inc., has been mining on Parcel No. 1 - Dan Phillips Lease since the tract was acquired. Mines on all the properties in this area were worked by adit in the rim, apparently after ore bodies had been outlined by drilling. Mining on Parcel 5 - Dan Phillips Permit No. 93 and Parcel 1 - Dan Phillips Permit No. 150 does not appear to have been started until late in 1954.

Operations on the property do not appear to have expanded in a normal fashion from the operation on the certified tract. Mining of scattered ore bodies was not progressively maintained nor does it appear that such mining was preceded by a steady and expanding development drilling program in the immediate area. Access to current operations is generally different from access to earlier operations. Undoubtedly, the following factors were largely responsible:

1. As a processor, Kerr-McGee was concerned with the development of a large area in the Lukachukai Mountains for an adequate supply of company-controlled ore. Under the Regulations of the Navajo Reservation, a processor was permitted to exceed the 960-acre limitation.
2. Further, as a processor, the development and mining program had to be geared to supplying daily mill requirements without a prohibitive investment in machinery and other equipment.
3. Program of development and mining was undoubtedly influenced by the extensive drilling program of the Atomic Energy Commission in the Lukachukai Mountains. Kerr-McGee appears

October 3, 1955

to have taken advantage of the work done on the various drilling projects wherever possible.

4. Although the Commission pioneered the area in exploratory drilling and expensive road construction in the rugged terrain, development of a property normally required development drilling and construction of mine roads in addition to the varying requirements of driving mine entries and development headings. This work would vary in time consumed, cost, and probable results expected with different areas.
5. The extreme ruggedness of the terrain and scattered occurrences of ore bodies generally did not favor a normal expansion of operations in the vicinity of the property under consideration and at the period of time when this expansion took place.

Other adjacent tracts held by Kerr-McGee under Assignment of Tribal Permit or Lease are not included in this recommendation because:

1. They are part of a separate group of operations on the southwest flank of the mountains.
 - a. Parcel #2 - Henry Phillips Permit No. 93.
2. They are not developed, pattern of development is unknown and cannot be determined currently as progressing or expanding from the property under consideration:
 - a. Parcel #3 - Henry Phillips Permit No. 93
 - b. Parcels #2, 3, 4, 5 - David Phillips Permit No. 21
 - c. Parcels #2, 3 - Dan Phillips Permit No. 150.

In conclusion, the recommendation for certification made in this report is based upon the net effect of the complex of conditions noted above. The proposal made is believed to be in accord with the purpose of the bonus.

On the other hand, it is the opinion of the writer that certification of the individual tracts applied for as separate eligible units would exceed the assistance intended by the purpose of the bonus and would be contrary to certain criteria which were set up by D.U.P. Circular 6.

The applicant's basis for separate certification of individual parcels of 120-160 acres appears to be as follows:

1. Ownership by separate Indians under Tribal Mining Permits.
2. Separate mines.
3. Rugged terrain resulting in high drilling and road-building costs.
4. Bonus needed to pay for development program.
5. Bonus needed to develop marginal ores on adjacent tracts.

The purpose of the bonus is to assist the development of new sources of uranium. To assist is not interpreted to mean wholly or necessarily substantially defraying entire cost of development of any or all ore bodies for which application for certification has been made. To assist is not interpreted as a means of enabling a producer to mine and sell submarginal ore.

The bonus is intended for initial production from new mines. Several mines or ore bodies, whether they be in separate ore horizons and/or separated by some distance are not considered to be separate properties for purposes of certification. A property is defined for certification purposes to be a group of contiguous claims in which the title or interest should be one of ownership or lawful possession of mining rights. The circular is obviously concerned with the division of mining properties into smaller units without advancing the purpose of the bonus program.

Whereas the terrain in the Lukachukai Mountains is rugged, it should be noted that opening an individual mine does not present problems unique to this area alone. A series of six extensive A.E.C. drilling projects in the Lukachukai Mountains resulted in the construction of a vast network of roads connecting virtually all parts of the mountain region. During the period spent in the area from September 1950 to the present, the Commission assumed primary responsibility in maintaining the road network. This Government road construction and maintenance was obviously a tremendous contribution to private drilling programs and mining in that it greatly reduced the burden of private road construction for drill and mine access.

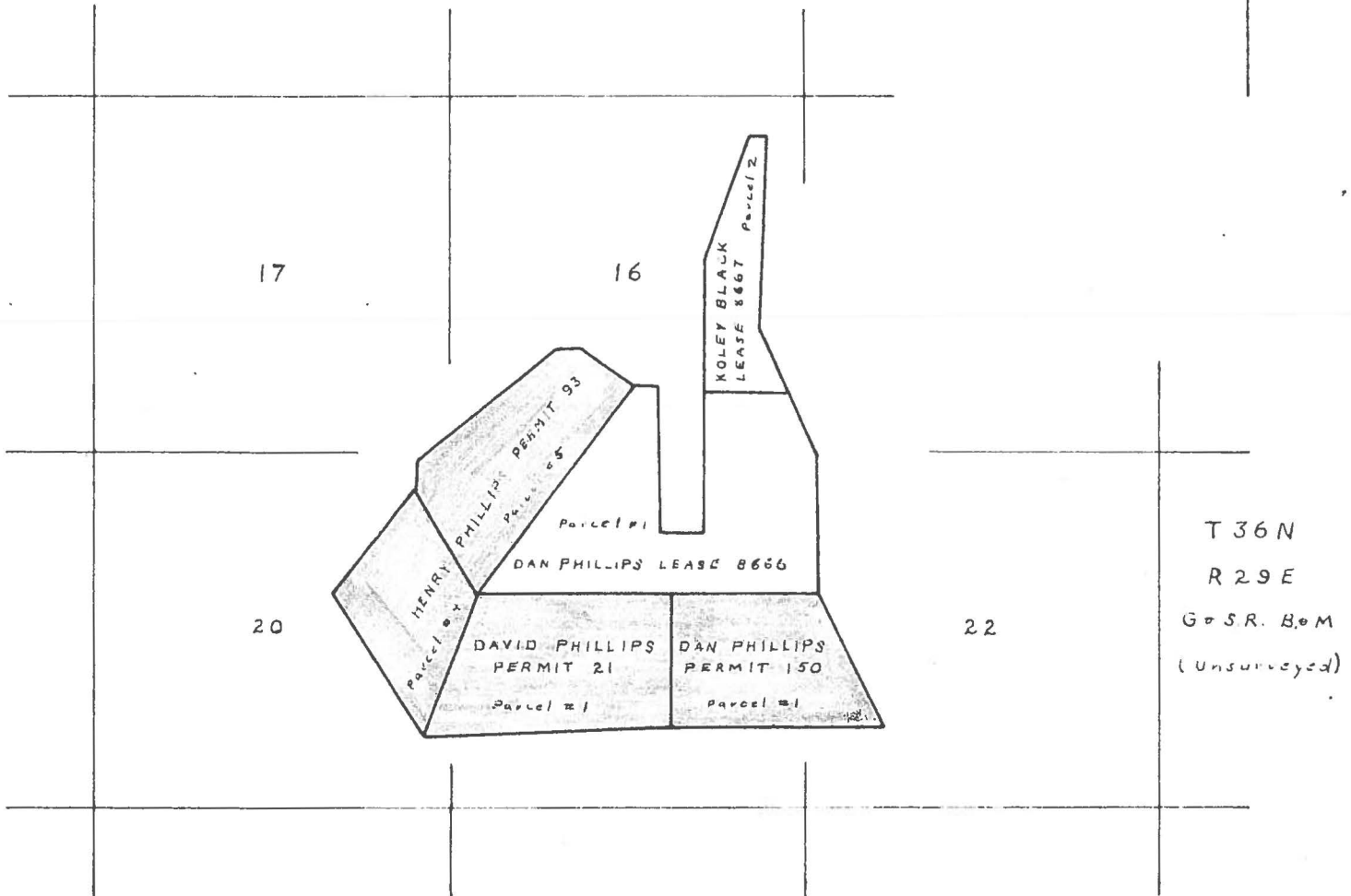
Another substantial Government contribution to private operators in the area was the vast wealth of drilling information made available to them. It appears that the applicant attempted to obtain a maximum advantage from this program.

The tracts directly under consideration in this report shared in the benefits of this program. A number of Government-built roads connect the tracts and general access appears to be the same. There appears to be no reason why separate supervision, headquarters, or camps would be necessary. There appears to be no reason why the operations cannot be expanded normally within the system from the viewpoint of ore occurrence in a common, essentially-continuous geological host formation.

cc: I. M. Gay
E. R. Gordon

BY J.F.B. DATE 9/22/58 SUBJECT Applic. # 997 & 1035 SHEET NO. OF
CHKD. BY DATE Meras 2 & 3, Lukachuka Mts JOB NO.
Apache Co., Arizona

Scale: 2" = 1 mile



PAID-OUT CERTIFICATION

Certification No. C-606

All eligible production bonus on this certification has been paid.

Per notification from Finance Division dated 10-3-56.

DO NOT DESTROY THIS DOCUMENT

MD:DRH

March 7, 1956

Kerr-McGee Oil Industries, Inc.
Navajo Uranium Division
P. O. Box 608
Shiprock, New Mexico

Re: APPLICATIONS FOR CERTIFICATION OF NOS. 1337, 1338, 1339 & 1340

Gentlemen:

Reference is made to your letter dated February 28, 1956, which stated that you would like to withdraw Application Nos. 948, 997 and 1035 and in lieu thereof are submitting four new applications.

Application Nos. 948, 997 and 1035 are not considered to be pending applications since action has been taken by the Commission in accordance with our letters of October 12, 1955, and October 13, 1955, notifying you of the issuance of Certification No. D.U.P. C6-C-606 and amendment to Certification No. D.U.P. C6-C-424. The new applications will be treated as requests to reconsider the above mentioned actions. They have been assigned the following numbers:

- No. 1337 - Parcels 1, 2, 3, 4 & 5, David Phillips
Tribal Mining Permit No. 21
- No. 1338 - Parcels 1 and 2, Koley Black
Tribal Mining Permit No. 239
- No. 1339 - Parcels 1, 2 and 3, Dan Phillips, Estate
Tribal Mining Permit No. 150
- No. 1340 - Parcels 2, 3, 4 and 5, Henry Phillips
Tribal Mining Permit No. 93

As soon as our work load permits, one of our examining engineers will contact you to arrange for a meeting on the ground to discuss this matter.

Very truly yours,

R. H. Toole, Chief

Leasing and Development Branch
Mining Division

OFFICE	MD	MD			
SURNAME	Hill:vr	Toole			
DATE	3/7/56	3/7/56			

MD:DRH

August 20, 1956

Kerr-McGee Oil Industries, Inc.
P. O. Box 608
Shiprock, New Mexico

Re CERTIFICATIONS IN LUKACHUKAI MOUNTAINS, NOS. 149, 155, 156, 158,
424, 483, 606, 773, & (APPLICATION NOS. 1337, 1338, 1339, 1340).

Gentlemen:

Reference is made to your applications dated February 28, 1956 requesting a re-evaluation of the method of certifying properties under your control in the Lukachukai Mountains, Shiprock Mining District, Apache County, Arizona. Our engineers have completed an investigation of the entire certification unit structure. The unit structure as now established is as follows:

<u>Cert. No.</u>	<u>Description of Unit</u>	<u>Lbs. orig. cert. eligible</u>	<u>Eligible balance as of 7/20/56</u>
DUP C6-C-149	Parcel No.2, Dan Phillips Lease No. 8666	3,556.83	None
DUP C6-C-155	Parcel No.1, Dan Phillips Lease No. 8666	8,554.73	None
DUP C6-C-156	Parcel No. 3, Dan Phillips Lease No. 8666	10,000.00	None
DUP C6-C-158	Parcel No. 2, Koley Black Lease No. 8667	8,554.72	8,440.66
DUP C6-C-424	Parcel No.3, (Sometimes known as Parcel Nos. 4 & 3) Koley Black Lease No. 8667 Parcel Nos. 1 & 2, Koley Black Permit No. 239 Parcel No. 2, Henry Phillips Permit No. 93	10,000.00	6,019.81

C O P Y

See DUP C6-C-149

C O P Y

<u>Cert. No.</u>	<u>Description of Unit</u>	<u>Lbs. orig. cert. eligible</u>	<u>Eligible balance as of 7-20-56</u>
DUP C6-C-483	Parcel No. 1 Tom Joe Permit No. 57	10,000.00	None
1/ DUP C6-C-606 as amended	Parcel Nos. 3,4,&5 Henry Phillips Permit No. 93	10,000.00	10,000.00
2/ DUP C6-C-773	Parcel No. 1 Dan Phillips Estate, Permit No. 150 Parcel Nos. 1,2,3,4,&5 David Phillips, Permit No. 21	10,000.00	10,000.00
3/ Ineligible Unit	Parcel No. 1 Koley Black Permit No. 8667 Parcel Nos. 2 & 3, Dan Phillips Estate Permit No. 150	0.00	0.00

1/ This unit was originally certified on October 12, 1955, to consist of Parcel Nos. 4 & 5, Henry Phillips Permit No. 93; Parcel No. 1, David Phillips Permit No. 21; and Parcel No. 1, Dan Phillips Estate, Permit No. 150. The action hereby being taken amends the unit as shown above.

2/ This is a new unit not previously certified. Parcel No. 1, Dan Phillips Estate, Permit No. 150 and Parcel No. 1, David Phillips Permit were prior to this action, included in the unit certified under D.U.P. C6-C-606.

3/ This is a unit considered to be ineligible for certification because it produced in excess of 20,000 pounds of U308 between April 9, 1948 and February 28, 1951.

Your attention is invited to paragraph (h) of Circular 6 which points that the Commission's decision on these matters is final. This is intended to be our final decision with respect to these tracts, except that the units may be amended to include new tracts.

Enclosed herewith are several "Application for Bonus Payment" forms for your use in applying for bonus.

Very truly yours,

R. H. Toole, Chief
Leasing & Development Branch
Mining Division

C O P Y

See DUP C6-C-149

C O P Y

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF INDIAN AFFAIRS
WINDOW ROCK AREA OFFICE
WINDOW ROCK, ARIZONA

MP-45

Permit No. 93

MINING PERMIT--NAVAJO TRIBAL LANDS

Pursuant to authority granted by the Advisory Committee of the Navajo Tribal Council by Resolution No. ACS-80-51 dated September 19, 1951, as amended by Resolution ACF-4-52 dated February 12, 1952 and ACM-5-52 dated March 11, 1952, permission is hereby granted to:

Henry Phillips, o/c Navajo Uranium Company, Cortez, Colorado

Census No. 73932, a Navajo Indian, ~~of~~ _____

_____, to prospect for, mine and remove minerals from tribal lands of the Navajo Indian Reservation, in the County of

Apache, State of Arizona
and described as follows:

See attached sheet for description of claim. This is a renewal of previously expired mining permit.

for the full term of two years from date of approval hereof, for the sole purpose of prospecting for and mining of minerals as follows:

Uranium Bearing Ores

The Permittee to occupy so much of the surface of said land as may be reasonably necessary to carry on the work of prospecting for, mining, storing, and removing such minerals, and to construct such access roads as are necessary in proper development of the property.

PROVIDED, however, that any Navajo who conducts development operations under a permit may at his option apply for a lease before the expiration of the two year period, or at the expiration of the two year period he may apply for an extension of his permit for an additional two year term, and the Advisory Committee may approve any such application if in its opinion the applicant has worked and is continuing to work in good faith in the development of the mining operation.

1. In consideration of the foregoing, the Permittee hereby agrees:

- (a) Royalties: The royalties payable to the Navajo Tribe on all permits and leases issued under the provisions hereof shall be as follows:

Percentage Royalty Schedule

<u>Mine Value Per Dry Ton</u>	<u>Royalty Percentage of Mine Value Per Dry Ton</u>
\$ 0.01 to \$ 10.01	10%
\$ 10.01 to \$ 20.01	11%
\$ 20.01 to \$ 30.01	12%
\$ 30.01 to \$ 40.01	13%
\$ 40.01 to \$ 50.01	14%
\$ 50.01 to \$ 60.01	15%
\$ 60.01 to \$ 70.01	16%
\$ 70.01 to \$ 80.01	17%
\$ 80.01 to \$ 90.01	18%
\$ 90.01 to \$100.01	19%
\$100.01 or more.	20%

"MINE VALUE PER DRY TON", wherever used herein is hereby defined as the dollar value per dry ton of crude ores at the mine as paid for by the Atomic Energy Commission or other government authorized agency before allowance for transportation and development; however, if the government at any time hereafter does not establish and pay for said ores on a fixed or scheduled dollar value per dry ton of crude ores at the mine, or said ores contain saleable minerals, some, or all, of which are disposed of to a custom treatment plant or smelter for treatment and sale, then mine value per dry ton shall be the gross value per dry ton of said crude ore as paid for by the Atomic Energy Commission or other Government authorized agency mill or other buyer, less any allowances or reimbursements for the following specific items: (1) transportation of ores; (2) allowances for exploration for, or development of ores; and (3) treatment or beneficiation of ores; which specific items shall in such event be deducted from the gross sales price received from the metal content of said ores by the seller before said percentage royalty is calculated and paid. Such payments shall be made on or before the fifteenth (15th) day of the month next following receipt by Lessee of payment for said ores together with a statement of the mine value of said ores and the amount of royalty due on each lot shipped and sold.

Whenever minerals or other products are recovered which are not included in determining mine value per dry ton as defined herein there shall be paid to the Tribe for such minerals or other products, a royalty of ten (10) per cent of the gross value of such products.

BONUSES: There shall be paid, as additional royalty, 10% of any bonus paid by the United States Atomic Energy Commission for the production of ore and particularly, bonuses for the initial production of uranium ore from said lease. This provision shall not be limited to bonuses for initial production but shall apply to any and all bonuses paid for the production of ore.

PAYMENT OF ROYALTIES: Remittances for tribal royalties are to be made payable to the Treasurer of the United States and mailed to Window Rock, Arizona, for deposit to Navajo Tribal Funds.

(b) DILIGENCE, PREVENTION OF WASTE. To exercise diligence in the conduct of prospecting and mining operations; to carry on development and operations in a workmanlike manner and to the fullest possible extent; to commit no waste on the said land and to suffer none to be committed upon the portion in his occupancy; to comply with all the requirements of the

Description for Henry Phillips Mining Permit:

Beginning at the southeast corner of Dan Phillips's lease No. 8666, commonly known as Mesa No. 4; South 3 deg. East 300 ft. to a point; thence N. 52 deg. 30' East 3900 ft.; thence S. 86 deg. East 350 ft.; thence S. 14 deg. East 680 ft.; thence S. 41 deg. 45' East 2240 ft.; thence S. 30 deg. East 320 ft.; thence N. 55 deg. East 2035 ft. to a point on part of Dan Phillips' lease No. 8666, commonly known as Mesa No. 2; thence S. 35 deg. 30' East along the line of said Mesa No. 2, 3,800 ft. to the most southwesterly corner of said lease; thence S. 11 deg. 30' West 920 ft. to a point, being the most northwesterly corner of Koley Black's 320 acre mining permit; thence S. 36 deg. W. 1835 ft. to a point (this point bears approx. S. 83 deg. East 2400 ft. to USGS triangulation station center point); thence S. 36 deg. W. 2640 ft. along the west line of Koley Black's mining permit and Koley Black's 320 acre lease No. 8667 to a point on ore rim approx. 500 ft. past southwest corner of Koley Black's lease No. 8667, sometimes shown on AEC map as Flag Mesa, but described on our map on file with Dept. of Interior as Mesa No. 3; thence N. 24 deg. East 1970 ft.; thence S. 56 deg. 30' West 1060 ft.; thence N. 4 deg. 30' W. 1000 ft.; thence S. 20 deg. W. 1250 ft.; thence S. 40 deg. W. 550 ft.; thence N. 21 deg. W. 1110 ft.; thence S. 32 deg. W. 1710 ft.; thence N. 57 deg. 30' W. 550 ft.; thence S. 89 deg. W. 400 ft.; thence S. 6 deg. E. 450 ft.; thence S. 82 deg. W. 710 ft.; thence N. 6 deg. 30' W. 1070 ft.; thence North 36 deg. 45' E. 7725 ft. to point of beginning, and containing 589 acres, more or less, Apache County, Arizona.

3

laws of the State in which the land is located; to take appropriate steps for the preservation of the property and the health and safety of workmen; promptly to surrender and return the premises upon the termination of this permit to whomsoever shall be lawfully entitled thereto, in as good condition as received, excepting for the ordinary wear and tear and unavoidable accidents in their proper use; all buildings and improvements shall remain the property of the permittee and may be removed at any time prior to 60 days after the termination of the permit by forfeiture or otherwise, provided, the payments agreed upon by this permit have been made and the permit terms and regulations applicable thereto have been fully complied with, but not otherwise; not to permit any nuisance to be maintained on the premises under permittee's control, nor allow intoxicating liquors to be sold or given away for any purpose on such premises; and not to use such premises for any other purposes than those authorized in this permit.

(c) DEVELOPMENT. The land described herein shall not be held by the permittee for speculative purposes, but in good faith for mining the minerals specified; and the failure by the permittee in the diligent development and continued operation of the mine or mines, except when operations may be interrupted by strikes, the elements, or casualties not attributable to the permittee, shall be held as a want of compliance with the purposes of this permit and shall render it subject to revocation at the discretion of the Area Director; provided, that whenever the Area Director shall consider the marketing facilities inadequate or the economic conditions unsatisfactory, he may authorize the suspension of operations for such time as he may deem advisable. On mining permits operated exclusively by Navajos there shall be expended by the permittee the equivalent of \$5.00 per acre per year in actual mining development. Such development shall consist of road building, prospecting or drilling and mining operations. Where assignments or other agreements are made to non-Indians the development requirement shall be \$10.00 per acre per year. Certified reports shall be submitted to the Window Rock Area Office regarding development expenditures within ten days after the yearly anniversary date of the contracts.

(d) MONTHLY STATEMENTS. To keep an accurate account of all mining operations, showing the sales, prices, dates, purchasers, and the whole amount of minerals mined, the amount removed, and the gross receipts derived therefrom, and to furnish the Area Director sworn monthly reports thereon not later than the 25th of the succeeding month; and all sums due as royalty shall be a lien on all implements, tools, removable machinery, and all other personal chattels used in operations upon said property, and upon all of the unsold minerals obtained from the land herein, as security for payment of said sums.

(e) REGULATIONS. To abide by and conform to any and all regulations of the Secretary of the Interior now or hereafter in force relative to such permits; provided, that no regulations hereafter approved shall effect a change in rate of royalty, or the term of this permit, without written consent of the parties of this permit.

(f) ASSIGNMENT OF PERMIT. Not to assign this permit or any interest therein by an operating agreement or otherwise nor to grant any portion of the premises without approval of the Advisory Committee and the Secretary of the Interior, or his authorized representative.

OVER-RIDING ROYALTIES: Subject to approval provided for in section (f) of this permit, assignments, operating agreements, and sub-contracts may, in addition to other considerations, provide for the retention by and payment to the assignor in an assignment, or the grantor in a sub-contract or operating agreement, or a royalty on all ore produced and sold from the premises (commonly known as an over-riding royalty) of not to exceed the following percentage based on the mine value per dry ton of ore as defined on pages one and two of this permit, to-wit:

1. On ore having a mine value per dry ton of \$30.00 or less, 2% of the mine value per dry ton.
2. On ore having a mine value per dry ton of more than \$30.00 and not more than \$60.00, 3% of the mine value per dry ton.
3. On ore having a mine value per dry ton of more than \$60.00 and not more than \$80.00, 4% of the mine value per dry ton.
4. On ore having a mine value per dry ton of more than \$80.00, 5% of the mine value per dry ton.

If two or more parties are the assignors or grantors, the royalty may be divided on such basis as said assignors or grantors may agree upon; provided, however, that the Advisory Committee of the Navajo Tribal Council may at any time after five (5) years from the date of the first sale of uranium ore produced from said property (as evidenced by records of the processing mill or other buyer) reduce the percentage of royalty retained by the assignor or grantor or entirely eliminate the same if the Advisory Committee shall determine that such royalty payments so retained are so burdensome as to make the future operation of the mines on said lease impracticable or unprofitable, it being the intent hereof that the Advisory Committee shall at such time take such action as will serve the best interest of the Navajo Tribe in assuring the continuous operation of the uranium mining industry on the Navajo Reservation.

(g) **RENTAL.** Where permits or leases are assigned or interests are otherwise acquired by non-Indians an advance annual rental of \$1.00 per acre is required and no credit shall be allowed therefor on any future production royalties.

(h) **BOND:** All non-Indian contracts shall require a surety bond to insure performance of the terms of the contract. The amount of bond to conform to Departmental Mining Regulations.

2. **INSPECTION.** The permitted premises and producing operations, improvements, machinery and fixtures thereon and connected therewith shall be open at all times for inspection by the Area Director or his authorized representative.

3. **SURRENDER AND TERMINATION.** The permittee shall have the right at any time during the term hereof to surrender and terminate this permit or any part thereof upon the payment of all royalties due the Navajo Tribe, and any other obligations that may be due the Navajo Tribe; provided, that the permittee has complied with all instructions regarding conservation and protection of the property.

4. CANCELLATION AND FORFEITURE. When, in the opinion of the Area Director, there has been a violation of any of the terms and conditions of this permit, the Area Director shall have the right at any time after 30 days notice to the permittee, specifying the terms and conditions violated, and after a hearing, if the permittee shall so request within 30 days of receipt of notice, to declare this permit null and void, and if any royalties or other obligations are due the Navajo Tribe, to take appropriate action to see that such obligations are fulfilled.

5. MINES TRIBUTARY TO URANIUM PROCESSING MILL AT SHIPROCK, NEW MEXICO. Permittee or Lessee and any assignee of the Permittee or Lessee shall tender all uranium ores produced by them from mines tributary to the mill of the Navajo Uranium Company at Shiprock, New Mexico, to the Navajo Uranium Company for purchase at such price or prices as may be established or approved by the U. S. Atomic Energy Commission, including allowances for transportation and development work, provided, that when there has been purchased for the use of said mill or stock-pile according to the provisions of said lease, a quantity of ore sufficient to supply said mill with its normal ore requirements, the Navajo Uranium Company shall notify each permittee or lessee that the provisions of this paragraph are waived until further notice. The provisions of this paragraph shall not remain in force and effect for a period of more than five (5) years from the date of the approval by the Secretary of the Interior of the lease to the Navajo Uranium Company for the millsite at Shiprock, New Mexico.

Approval Recommended

Date 11/18/53

Sain Ahkeah
Chairman, Navajo Tribal Council

Joseph Mazon
Vice-Chairman, Navajo Tribal Council

I hereby accept the foregoing permit and agree to abide by all its terms and conditions.

Henry Phillips
Henry Phillips

(Permittee)

(Permittee)

Approved: 12-10-53
(Date)

Alan E. Harper
Area Director

ASSIGNMENT OF MINING PERMIT

WHEREAS, the herein assignors are the present owners of a certain mining permit hereinafter described on certain Navajo Tribal Lands; and

WHEREAS, the said mining permit is now assignable under the Resolution of the Advisory Committee of the Navajo Tribe, Resolution No. A.C.S. 80-51, which was passed by authority of the General Tribal Council Resolution No. G. N. 3-51,

NOW THEREFORE, KNOW ALL MEN BY THESE PRESENTS:

1. That for and in consideration of the sum of Twenty-five (\$25.00) and no/100 dollars and other good and valuable consideration, the receipt of which is hereby acknowledged, and for other good and valuable consideration hereinafter recited, the said Henry Phillips and Amaree Phillips, husband and wife, assignors herein, Navajo Indians of Dove, Arizona, the owners of the said mining permit, hereby grant, bargain, sell, assign, convey and deliver unto Kerr-McGee Oil Industries, Inc., assignee herein, of Oklahoma City, Oklahoma, and to its successors and assigns, the said assignors' full and entire interest in and to the hereinafter described Mining Permit, to-wit:

Beginning at the southeast corner of Van Phillips' Lease No. 8666, commonly known as Mesa No. 4; South 3° East 300 feet to a point; thence N $52^{\circ} 30'$ East 3900 feet; thence S 86° East 360 feet; thence S 14° East 680 feet; thence S $41^{\circ} 45'$ West 2240 feet; thence S 30° East 320 feet; thence North 55° East 2035 feet to a point on part of Van Phillips' Lease No. 8666, commonly known as Mesa No. 2 $\frac{1}{2}$; thence S $35^{\circ} 30'$ West along the line of said Mesa No. 2 $\frac{1}{2}$ 3800 feet to the most southwesterly corner of said lease; thence S $11^{\circ} 30'$ West 920 feet to a point, being the most northwesterly corner of Koley Black's 320-acre mining permit; thence S 36° West 1635 feet to a point (this point bears approximately S 83° East 2400 feet to U.S.G.S. triangulation station Center point); thence S 36° West 2640 feet along west line of Koley Black's mining permit and Koley Black's 320-acre lease No. 8667 to a point on ore rim approximately 500 feet past Southwest corner of Koley Black's Lease No. 8667, sometimes shown on A.I.T. map as Flag Mesa, but described on our map on file with Department of Interior as Mesa No. 6; thence N 24° East 1970 feet; thence S $50^{\circ} 30'$ West 1060 feet; thence N $40^{\circ} 30'$ West 1000 feet; thence S 20° West 1250 feet; thence S 49° West 550 feet; thence N 21° West 1110 feet; thence S 32° West 1710 feet; thence N $57^{\circ} 30'$ West 550 feet; thence S 89° West 400 feet; thence S 6° East 450 feet; thence S 82° West 710 feet; thence N $6^{\circ} 30'$ West 1070 feet; thence N $36^{\circ} 45'$ East 7725 feet to point of beginning, containing more or less 589 acres, designated on our map as Mesa No. 3.

together with said assignors' full and entire interest in all equipment, roads, and present development in, on and to the hereinabove described premises.

2. It is expressly understood that this assignment and agreement will not be effective until approved by the Advisory Committee of the Navajo Tribal Council and the Secretary of Interior or his authorized representative.

3. Upon this assignment and agreement being approved as hereinbefore stated and then becoming effective, it is understood and agreed by the assignee that said assignee shall do the following things:

A. The assignee being a non-Indian will be required to develop the said mining permit in the amount of \$10.00 per acre per year and to furnish the said Advisory Committee with a certified report regarding such development expenditure within ten days after the yearly anniversary date of the said mining permit.

B. The assignee shall pay \$1.00 per acre per year in advance as advance rental and no credit shall be allowed therefore on any future production royalties to become due.

C. The assignee shall comply strictly with the said assigned permit and will furnish the Navajo Tribe with a surety bond to insure performance of the terms of the said mining permit and of this assignment and agreement. The amount of the said bond is to conform to the Department of Mining Regulations.

D. The assignee agrees to commence mining and actually selling of ore from the property heretofore described within six (6) months from the date of the approval of the assignment by the said Advisory Committee and assignee understands and agrees that failure to do so shall void this assignment.

E. The assignee agrees to operate the mine on said property in a workmanlike manner and in accordance with applicable laws and regulations, and if a mine is abandoned, said mine shall be left timbered.

F. It is further agreed by the assignee that no timbers shall be cut on Tribal Lands and used for mining operations without having complied with the regulations governing the cutting of timber, and the assignee agrees to pay for said timbers at the price provided.

4. In addition to the amount paid the said assignors for the assignment of their said mining permit, the assignee agrees to pay the said assignors an over-riding royalty in the amount as follows, to-wit:

1. On ore having a mine value per dry ton of \$30.00 or less, 2% of the mine value per dry ton.
2. On ore having a mine value per dry ton of more than \$30.00 and not more than \$60.00, 3% of the mine value per dry ton.
3. On ore having a mine value per dry ton of more than \$60.00 and not more than \$80.00, 4% of the mine value per dry ton.
4. On ore having a mine value per dry ton of more than \$80.00, 5% of the mine value per dry ton.

Said over-riding royalty being made subject to the provisions of Section 2 of Resolution No. 80-51 of the Advisory Committee of the Navajo Tribal Council.

In the event minerals or other products are recovered which are not included in determining mine value per dry ton as defined in the said Resolution No. 80-51, there shall be paid to the assignors herein for such minerals or other products a royalty of five (5%) per cent of the gross value of such minerals or products. The assignee further agrees to pay the said assignors five (5%) per cent of any bonus paid by the Atomic Energy Commission. The assignee further agrees to pay the Navajo Tribe royalties and percentage of bonuses from the operation of the lands described above in such mining permit in accordance with the royalty schedules for the Navajo tribe and provisions pertaining to bonus division as contained in the resolution of the Advisory Committee of the Navajo Tribal Council, Resolution No. A.C.S. 80-51, and as amended in the Resolution of the Advisory Committee No. A.C.M. 5-52, which amendment provides for royalty payments for minerals or other products not included in determining mine value per dry ton as defined in said

Resolution No. 80-51, both of the said resolutions being incorporated by reference herein.

5. The assignee herein agrees to be bound by the provisions of the following Advisory Committee Resolutions: No. A.C.F. 80-51, A.C.F. 4-52, and A.C.F. 5-52.

6. It is agreed by and between the parties hereto that upon the renewal of this mining permit or its conversion into a mining lease, the provisions contained in this instrument for the payment of over-riding royalty, percentage of bonus to be paid, and all such provisions for payment by the assignee shall remain the same, subject however to any required approval by the Secretary of the Interior, the said Advisory Committee or other person.

7. This assignment embodies the entire agreement between the parties hereto.

8. It is understood and agreed by the parties hereto that the assignee takes this assignment subject to the provisions of the Advisory Committee Resolution No. A.C.F. 47-52 pertaining to sub-lease or working agreements. That should the said assignee assign, sub-lease or enter into any working agreement covering the said assignment, then in that event, this assignment shall be null, void and terminated.

9. It is understood and agreed that the parties hereto will comply with all lawful Tribal laws of the Navajo Tribe and with all Federal regulations that pertain to the use and operation of this mining permit or the action of the assignee upon Tribal lands.

10. This agreement shall inure to the benefit of and be binding upon

the heirs, administrators, executors, successors and assigns of the parties hereto.

IN WITNESS WHEREOF, the said parties have hereunto set their hands and seals this 11th day of November, 1953.

ASSIGNORS:

Henry Phillips
Henry Phillips

+ (Her Mark)
Emaree Phillips

ASSIGNEE:

KE R-McGEE OIL INDUSTRIES, INC.

J. C. Lane
Vice-President

ATTEST:

[Signature]

Recommended for approval by Advisory Committee November 18, 1953.

Sam Ahkeah
CHAIRMAN,
NAVAJO TRIBAL COUNCIL

DATE: FEB 16 1954

Aileen C. [Signature]
AREA DIRECTOR

STATE OF OKLAHOMA)
) ss
COUNTY OF MONTGOMERY)

On this 11th day of November, 1953, before me appeared Henry Phillips and Emaree Phillips to me known to be the persons described in and who executed the foregoing instrument and acknowledged that they executed the same as their free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this instrument above written.

Joylene D. Wilkinson
Notary Public

My commission expires: 6-4-57.



STATE OF OKLAHOMA)
) ss
COUNTY OF OKLAHOMA)

Before me, the undersigned, a Notary Public, in and for said County and State, on this 13th day of November, 1953, personally appeared

F. C. Love to me known to be the identical person who subscribed the name of the maker thereof to the foregoing instrument as its _____

Vice President and acknowledged to me that he executed the same as his free and voluntary act and deed and as the free and voluntary act and deed of such corporation, for the uses and purposes therein set forth.

Thelma Dulaney
Notary Public

My commission expires:

Oct 9, 1956

STIPULATION

WHEREAS, an Assignment of Mining Permit, dated November 11, 1953, was made and entered into by and between Henry Phillips and Emaree Phillips, husband and wife, as Assignors and Kerr-McGee Oil Industries, Inc., as Assignee, covering Mining Permit--Navajo Tribal Lands, in favor of Henry Phillips and covering the lands in Apache County, Arizona, described therein; and

WHEREAS, it is desired that said Assignment of Mining Permit be approved as required by law and the terms of said Mining Permit;

NOW, THEREFORE, for and in consideration of the premises and such approval, the undersigned Kerr-McGee Oil Industries, Inc., as Assignee, stipulates and agrees as follows, to-wit:

- (1) Said Assignee shall give preference in the employment in its mining operations under said Assignment of Mining Permit to Navajo Indians qualified to perform the duties required at prevailing wages therefor; and
- (2) Said Assignee shall indemnify and hold harmless the said Assignee and the Navajo Tribe from all liability in connection with Assignee's mining operations under said Assignment of Mining Permit.

EXECUTED this 29th day of December, 1953.

Attest:


Secretary

Kerr-McGee Oil Industries, Inc.

By


Vice President


R.O.G.
12/28/53

State of Oklahoma)
) ss.
County of Oklahoma)

Before me, the undersigned, a Notary Public, in and for said County and State, on this 29 day of December, 1953, personally appeared F.C. Love to me known to be the identical person who subscribed the name of the maker thereof to the foregoing instrument as its Vice President and acknowledged to me that he executed the same as his free and voluntary act and deed and as the free and voluntary act and deed of such corporation, for the uses and purposes therein set forth.

Thelma W. Delaney
Notary Public

My commission expires:

Oct 9, 1956

APPLICATION FOR CERTIFICATION OF MINING PROPERTY

1340

Address P. O. Box 608, Shiprock, New Mexico

5. Ore accepted by commission ore-buying stations or qualified uranium mills (or any other uranium ore processing plants) from property between April 9, 1948 and February 28, 1951 inclusive: **None**

I certify to the best of my knowledge that (1) the statements in this application are true and that (2) the total quantity of uranium oxide as contained in ore accepted by commission ore-buying stations or qualified uranium mills (or any other uranium ore processing plants) from the above described property between April 9, 1948 and February 28, 1951 inclusive, is less than 10,000 pounds.

By: M. F. Bolton
(Signature of applicant)

Misrepresentations or false statements in the application may subject the applicant to criminal penalties, under provisions of the United States Code including section 1001 of title 18. Any such offense may also disqualify the offender from receiving bonus payments.

(When completed mail to U. S. Atomic Energy Commission, Colorado Raw Materials Office, P. O. Box 270, Grand Junction, Colo.)

SPACE BELOW FOR USE BY APPLICANT, IF NECESSARY

May 1, 1954

HENRY PHILLIPS
Mining Permit No. 93
Parcel No. 2

Beginning at triangulation point Flag, a U.S. A.E.C. Station, whose coordinates are N 98,384.21 E 196,012.29, which is also the Southwest corner Koley Black's lease Flag Mesa, parcel No. 3; thence W $34^{\circ} 29' 56''$ E 4144.0' along the west boundary of Koley Black's parcel 3, Flag Mesa Lease and Koley Black's permit on upper Flag and Bare Rock Mesas to corner No. 1, a 2" iron pipe driven in the ground, whose coordinates are N 101,799.40 E 198,359.49; whence Luka, a U.S.G.S. triangulation station bears S $83^{\circ} 45' 00''$ E 14,879.0'; thence S $79^{\circ} 44' 00''$ W 4346.0' to corner No. 2, a 2" iron pipe driven in the ground whose coordinates are N 101,024.41 E 194,082.01, which is also corner No. 5 of Henry Phillips' parcel No. 3; thence S $36^{\circ} 45' 00''$ W 2455.0' to corner No. 3, whose coordinates are N 99,057.31 E 192,613.78; thence S $06^{\circ} 30' 00''$ E 1070.0' to triangulation point step and corner No. 4, whose coordinates are N 97,994.19 E 192,734.90; thence N $06^{\circ} 30' 00''$ E 1220.0' to corner No. 5 whose coordinates are N 99,206.35 E 192,873.00; thence S $69^{\circ} 00' 00''$ E 1040.0' to corner No. 6 whose coordinates are N 98,833.65 E 193,843.92; thence N $27^{\circ} 45' 00''$ E 1065.0' to corner No. 7; thence S $53^{\circ} 15' 00''$ E 985.0' to corner No. 8 whose coordinates are N 99,186.81 E 195,129.02; thence N $17^{\circ} 30' 00''$ E 1950.0' to corner No. 9 whose coordinates are N 101,056.10 E 195,718.41; thence S $46^{\circ} 30' 11''$ E 400.0' to corner No. 10 whose coordinates are N 100,780.76 E 196,008.56; thence S $09^{\circ} 15' 00''$ E 885.0' to corner No. 11 whose coordinates are N 99,907.26 E 196,150.81; thence N $63^{\circ} 00' 00''$ E 945.0' to corner No. 12; thence S $24^{\circ} 00' 00''$ W 240.0' to corner No. 13; thence S $41^{\circ} 30' 00''$ W 930.0' to corner No. 14 whose coordinates are N 99,420.50 E 196,278.95; thence S $19^{\circ} 00' 00''$ W 810.0' to corner No. 15; thence S $00^{\circ} 37' 00''$ W 270.0' to triangulation point flag and point of beginning, containing 160.0 acres located in Apache County, Arizona. All bearings, distances, and coordinates are based on U.S. A.E.C. data as established by U.S. Geologic Survey.

May 1, 1954

HENRY PHILLIPS
Mining Permit No. 93
Parcel No. 3

Beginning at corner No. 1, which is also corners No. 1 of Henry Phillips' parcels No. 2 and 4, whose coordinates, based on U.S. A.E.C. data, as established by the U.S. Coast and Geodetic Survey, are N 101,799.40 E 198,359.49; whence Luka, a US, U.S. triangulation station bears S 83° 45' 00" E 14879.0'; thence N 30° 29' 00" W 2598.0' to corner No. 2, whose coordinates are N 104,036.44 E 197,042.67 and is a common corner with corner No. 4 Henry Phillips' parcel No. 4 and corner No. 4 Tom Joe's mining permit No. 84, parcel No. 2; thence due West 800.0' to corner No. 3, a 2" iron pipe driven in the ground, whose coordinates are N 104,036.44 E 196,242.69; thence S 36° 45' 00" W 2315.0' to corner No. 4, a 2" iron pipe driven in the ground, whose coordinates are N 102,181.55 E 194,857.79; thence S 33° 49' 00" W 1392.77' to corner No. 5, a 2" iron pipe driven in the ground, whose coordinates are N 101,024.41 E 194,082.01, which is corner No. 2 of parcel No. 2 Henry Phillips' mining permit No. 93; thence N 79° 44' 00" E 4346.0' along the north boundary of Henry Phillips' parcel No. 2 to corner No. 1 and point of beginning, said parcel containing 149.45 acres located in Apache County, Arizona. All bearing, distances, and coordinates based on U.S. A.E.C. data as established by U.S. Coast and Geodetic Survey.

May 1, 1954

HENRY PHILLIPS
Mining Permit No. 93
Parcel No. 4

Beginning at corner No. 1, which is a common corner with corners No. 1 of parcels No. 2 and 3 Henry Phillips' permit, whose coordinates are N 101,799.40 E 198,359.49; whence Luka, a U.S.G.S. triangulation station bears S $83^{\circ} 45' 00''$; thence N $20^{\circ} 48' 00''$ E 2200.0' to corner No. 2, whose coordinates are N 103,856.03 E 199,140.73 and is also corner No. 7 Ian Phillips' lease Mesa No. 2 containing 239.43 acres; thence N $26^{\circ} 42' 00''$ W 1990.0' to the northwest corner of parcel and corner No. 3, whose coordinates are N 105,633.40 E 198,246.39; thence S $37^{\circ} 00' 00''$ W 2000.0' to corner No. 4, whose coordinates are N 104,036.44 E 197,042.67; thence S $30^{\circ} 29' 00''$ E 2598.0'; to corner No. 1 and point of beginning, containing 92.96 acres located in Apache County, Arizona; all bearings, distances, and coordinates are based on U.S. A.S.C. data as established by U.S. Geologic Survey.

May 1, 1954

HENRY PHILLIPS
Mining Permit No. 93
Parcel No. 5

Beginning at corner No. 1, which is also corner No. 6 of Dan Phillips' lease Mesa No. 2, containing 239.43 acres, whose coordinates, based on U.S. A.E.C. data, as established by U.S. Coast and Geodetic Survey, being N 106,961.04 E 201,501.37; whence Luka, a U.S.G.S. triangulation station bears S 59° 47' 00" E 13,480.0'; thence N 52° 45' 00" W 930.0' to corner No. 2, a 2" iron pipe driven in the ground, whose coordinates are N 107,523.96 E 200,761.09; thence S 85° 45' 00" W 425.0' to corner No. 3 whose coordinates are N 107,492.46 E 200,337.27; thence S 52° 30' 00" W 2710.0' to corner No. 4 whose coordinates are N 105,842.72 E 198,187.29; thence S 15° 46' 00" E 217.5' to corner No. 5, a 2" iron pipe driven in the ground, whose coordinates are N 105,633.40 E 198,246.39, which is also corner No. 3 of parcel No. 4 Henry Phillips' permit; thence S 26° 42' 00" E 1990.0' to corner No. 6, a 2" iron pipe driven in the ground, whose coordinates are N 103,856.03 E 199,140.73, said corner being common with corner No. 2, parcel No. 4 Henry Phillips' permit; thence N 37° 15' 00" E 3900.0' to corner No. 1 and point of beginning, containing 126.72 acres located in Apache County, Arizona. All bearings, distances, and coordinates are based on U.S. A.E.C. Data as established by U.S. Geologic Survey.

VERIFICATION OF PRODUCTION RECORD
APPLICATION FOR CERTIFICATION

Application No. 1340

Name of Mining Property: Parcels 2, 3, 4 & 5, Henry Phillips
Mining Permit # 93

Name of Applicant: Berr-McGee Oil Industries, Inc.

1. There (~~is~~) (is not) a record of production for the period April 9, 1948 through February 28, 1951.

Shipper	Name of Mine	District	County	State	Purch. Depot	Date	Ore Dry Tons	U308 Pounds

Shipments to Shattuck Chemical Co., Denver, Colorado

Name of Shipper	Date	Pounds U308

Total Pounds U308

2. There (has) (~~has not~~) been production from this property for the period March 1, 1951 through the month of January, 1956. from a Mesa 3 as referred to in letter of transmittal.

Delbert B. Hutto
Delbert B. Hutto, Auditor

Production checked by RISH.

Date forwarded to Mining Division 3/6/56.

MD:DRH

March 7, 1956

Kerr-McGee Oil Industries, Inc.
Navajo Uranium Division
P. O. Box 608
Shiprock, New Mexico

Re: APPLICATIONS FOR CERTIFICATION OF NOS. 1337, 1338, 1339 & 1340

Gentlemen:

Reference is made to your letter dated February 28, 1956, which stated that you would like to withdraw Application Nos. 948, 997 and 1035 and in lieu thereof are submitting four new applications.

Application Nos. 948, 997 and 1035 are not considered to be pending applications since action has been taken by the Commission in accordance with our letters of October 12, 1955, and October 13, 1955, notifying you of the issuance of Certification No. D.U.P. C6-C-606 and amendment to Certification No. D.U.P. C6-C-424. The new applications will be treated as requests to reconsider the above mentioned actions. They have been assigned the following numbers:

- No. 1337 - Parcels 1, 2, 3, 4 & 5, David Phillips
Tribal Mining Permit No. 21
- No. 1338 - Parcels 1 and 2, Koley Black
Tribal Mining Permit No. 239
- No. 1339 - Parcels 1, 2 and 3, Dan Phillips, Estate
Tribal Mining Permit No. 150
- No. 1340 - Parcels 2, 3, 4 and 5, Henry Phillips
Tribal Mining Permit No. 93

As soon as our work load permits, one of our examining engineers will contact you to arrange for a meeting on the ground to discuss this matter.

Very truly yours,

R. H. Toole, Chief
Leasing and Development Branch
Mining Division

MD

MD

Hill:vr

Toole

3/7/56

MD:DRH

October 12, 1955

Kerr-McGee Oil Industries, Inc.
Navajo Uranium Division
P. O. Box 608
Shiprock, New Mexico

"RETURN TO MAILING DIVISION"

Re: CERTIFICATION OF PARCELS 4 & 5 - HENRY PHILLIPS PERMIT #93
PARCEL 1 - DAVID PHILLIPS PERMIT #21
PARCEL 1 - DAN PHILLIPS PERMIT #150
APACHE COUNTY, ARIZONA (APPLICATION NOS. 997 & 1035)

Gentlemen:

Reference is made to your applications dated December 29, 1954, and February 10, 1955, requesting certification of Parcel No. 5, Permit 93, and Parcel No. 1, Permit 150, under the provisions of Domestic Uranium Program Circular 6. These applications have been reviewed by this office and the following described property is considered as a unit eligible for bonus payment:

Parcel No. 4 - Navajo Tribal Mining Permit No. 93

Beginning at Corner No. 1, a 2" iron pipe driven in the ground whose coordinates are N 101, 799.40 E 198359.49, which is also Corner No. 1 of Parcels 2 and 3 - Henry Phillips Permit No. 93; thence, N. 20° 48'00" E a distance 2,200.0' to Corner No. 2, a 2" iron pipe driven in the ground whose coordinates are N 103, 856.04 E 199,140.74 and is common with Corner No. 7 of Parcel No. 1, Dan Phillips Lease No. 8666; thence, N 26° 42'00" W 1990.0' to Corner No. 3, a 2" iron pipe driven in the ground whose coordinates are N 105, 633.40 E 198,246.39 which is also Corner No. 5 - Henry Phillips Permit No. 93; thence, S 37°00'00" W 2,000 feet to Corner No. 4 which is also Corner No. 2, Henry Phillips Permit No. 93; thence S 30° 29'00" W 2598.0' to Corner No. 1 and point of beginning; containing 92.98 acres located in Apache County, Arizona.

OFFICE ▶	MD Hill:bem	MD Baker	MD Toole	MD YOUNGBERG		
SURNAME ▶	Hill:bem	Baker	Toole	YOUNGBERG		
DATE ▶	10/12/55	10/13/55	10/17/55	10/19/55		

Parcel No. 5 - Navajo Tribal Mining Permit No. 93

Beginning at Corner No. 1, which is also Corner No. 6 of Dan Phillips' lease Mesa No. 2, containing 239.43 acres, whose coordinates based on U.S.A.E.C. data, as established by U.S. Coast and Geodetic Survey, being N 106,961.04 E 201,501.37; whence Luka, a U.S.G.S. triangulation station bears S 59° 47'00" E 13,480.0'; thence N 52° 45'00" W 930.0' to Corner No. 2, a 2" iron pipe driven in the ground, whose coordinates are N 107,523.96 E 200,761.09; thence S 85° 45'00" W 425.0' to Corner No. 3 whose coordinates are N 107,492.46 E 200,337.27; thence S 52° 30'00" W 2710.0' to Corner No. 4 whose coordinates are N 105,842.72 E 198,187.29; thence S 15° 46'00" E 217.5' to Corner No. 5, a 2" iron pipe driven in the ground, whose coordinates are N 105,633.40 E 198,246.39, which is also Corner No. 3 of parcel No. 4 Henry Phillips' permit; thence S 26° 42'00" E 1990.0' to Corner No. 6, a 2" iron pipe driven in the ground, whose coordinates are N 103,856.03 E 199,140.73, said corner being common with Corner No. 2, parcel No. 4 Henry Phillips' permit; thence N 37° 15'00" E 3900.0' to Corner No. 1 and point of beginning, containing 126.72 acres located in Apache County, Arizona. All bearings, distances, and coordinates are based on U.S. AEC data as established by U.S. Geologic Survey.

Parcel No. 1 - Navajo Tribal Mining Permit No. 21

Beginning at Corner No. 1, a 2" iron pipe driven in the ground whose coordinates are N 101,912.12 E 202,070.74 which is also Corner No. 3, parcel No. 5 David Phillips mining permit No. 21; whence Luka, a U.S.G.S. triangulation station bears S 81° 06'00" E a distance of 11,213.0'; thence due North 1943.92' to Corner No. 2, a 2" iron pipe driven in the ground whose coordinates are N 103, 856.04 E 202, 070.74 and is common with Corner No. 5, parcel No. 1, Dan Phillips mining permit No. 140; thence due West along the south boundary of Dan Phillips lease No. 8666, parcel No. 1 a distance of 2930.0' to Corner No. 3, a 2" iron pipe driven in the ground whose coordinates are N 103, 856.04 E 199, 140.74 and is common with Corner No. 7, parcel No. 1 Dan-Phillips lease No. 8666; thence S 20° 48'00" W 2200.0' along the East boundary of Henry Phillips mining permit No. 93, parcel No. 4 to Corner No. 4, a 2" iron pipe driven in the ground whose coordinates are N 101, 799.40 E 198, 359.49 said Corner being common with Corners No. 1 of parcels 2-3-4-, Henry Phillips mining permit No. 93; thence N 88° 16'00" E 3713.0' to Corner No. 1 and point of beginning containing 154.96 acres located in Apache County, Arizona. All bearing, distances, and coordinates are based on U.S. A.E.C. data as established by U.S. Coast and Geodetic Survey.

October 12, 1955

Parcel No. 1 - Navajo Tribal Mining Permit No. 150

Beginning at Corner No. 1, a 2" iron pipe driven in the ground, whose coordinates, based on U.S.A.E.C. data as established by U.S. Coast & Geodetic Survey, are N 101,912.12 E 202, 070.74, said corner being common with Corner No. 1, Parcel No. 1, David Phillips' Mining Permit No. 21, whence Luka, a U.S.G.S. triangulation station bears S 81° 06'00" E 11,213.0'; thence due East 3161.87 along the North boundary of Parcel No. 5 David Phillips' Mining Permit No. 21 to Corner No. 2, whose coordinates are N 101,912.12 E 205,232.61 and is common with Corner No. 3, Parcel No. 1 Billy Topaha's Permit No. 22; thence N 23° 23'00" W 2003.0' to Corner No. 3, a 2" iron pipe driven in the ground whose coordinates are N 103,750.02 E 204,438.06 and is common with Corner No. 9, Parcel No. 1, Koley Black's Lease No. 8667; thence N 61° 45'00" W 223.0' to Corner No. 4 whose coordinates are N 103,856.04 E 204,240.74 and is common with Corner No. 8, Parcel No. 1 Dan Phillips' Lease No. 8666; thence due West 2170.0' along the South boundary of Parcel No. 1, Dan Phillips' Lease No. 8666 to Corner No. 5 whose coordinates are N 103,856.04 E 202,070.74 and is common with Corner No. 2, Parcel No. 1, David Phillips' Permit No. 21; thence due South 1943.92' to Corner No. 1 and point of beginning, containing approximately 120.0 acres located in Apache County, Arizona.

The above property is situated in approximate unsurveyed sections 16, 20, 21 and 22, T.36 N., R.29 E., G.& S.R.B&M, Navajo Indian Reservation, Shiprock Mining District, Apache County, Arizona.

Production records show that no U₃O₈ was produced from this property between April 9, 1948, and February 28, 1951, inclusive. Accordingly, 10,000 pounds of U₃O₈ are eligible for bonus payments when contained in ores mined from this property and delivered to a qualified mill or Commission ore-buying station between March 1, 1951, and February 28, 1957, inclusive.

The certification number you will use in making application for bonus payment is D.U.P. C6-C-606. Several copies of an "Application for Bonus Payment" form are enclosed for listing each month's production since March 1, 1951. In making application for bonus payments, please note the name of the claim or claims from which ore was shipped as well as the group name.

cc: Bureau of Indian Affairs
Mr. I.M. Gay - Grants, N.M.
D.B. Hutto - FB
Taylor & Brown

Very truly yours,

R. H. Toole, Chief
Leasing & Development Branch
Mining Division

Enclosure:
AEC-300(6)

MB:JFB

August 10, 1955

Mr. M. F. Bolton, Manager
Mining and Exploration
Navajo Uranium Division
Post Office Box 608
Shiprock, New Mexico

Re: APPLICATION FOR CERTIFICATION ON NOS. 948, 997, AND 1035

Dear Mr. Bolton:

Reference is made to your letter of August 5, 1955, concerning the captioned applications.

Consideration of these applications is in progress. Although your applications are made for individual parcels, a decision as to eligibility requires that pursuant to the criteria of Domestic Uranium Program Circular 6, the entire holding consisting of contiguous locations or tracts in which the title of interest in the mining property is that of owner or lessee, must be taken into account.

A study of the facts, which began at the time a map was received from your office in May 1955, is nearly completed. We will advise you as to the Commission's decision on the applications submitted as soon as possible.

Very truly yours,

R. H. Toole, Chief
Leasing and Development Branch
Mining Division

MD:JFB

March 22, 1955

Mr. M. F. Bolton
Assistant General Superintendent
Kerr-McGee Oil Industries, Incorporated
Navajo Uranium Division
P. O. Box 608
Shiprock, New Mexico

Dear Mr. Bolton:

In our file of certifications, we have a number of maps of various individual holdings of your organization in the Lukachukai Mountains area.

This office would appreciate receiving from you a single map showing the holdings of Kerr-McGee Oil Industries, Inc., in the Lukachukai Mountains. It is our understanding that you have one based on recent surveys.

Thank you for the earliest possible attention in this matter.

Very truly yours,

R. H. Toole, Chief
Leasing and Development Branch
Mining Division

OFFICE ▶	MD	MD	MD			
SURNAME ▶	<i>J. G. Brown</i> Brown:sp	<i>Hill</i> Hill	<i>Toole</i> Toole			
DATE ▶	3/22/55	3/22/55	3/22/55			

MD:JFB

March 15, 1955

Mr. M. F. Bolton
Assistant General Superintendent
Navajo Uranium Division
Kerr-McGee Oil Industries, Inc.
P.O. Box 608
Shiprock, New Mexico

Re: APPLICATION FOR CERTIFICATION OF THE PARCEL #2-
PERMIT #93 (APPLICATION NO. 948); HENRY PHILLIPS-
MESA #3 (APPLICATION NO. 997) AND PARCEL #1-PERMIT
#150 (APPLICATION NO. 1035).

Dear Mr. Bolton:

This is to inform you that I shall be in Cove School, Arizona, on Wednesday, March 30, 1955, to meet either you or your representative at 8:00 a.m., at Navajo Uranium Field Office. Please plan to accompany me to the property for the purpose of examination in connection with the subject Application for Certification.

I shall not examine your property at this time if neither you nor your representative are able to keep this appointment. Please inform me if it does not fit your schedule.

Since I must plan my work well in advance, it would be several weeks before I could re-schedule another examination.

Very truly yours,

J. F. Brown, Mining Engineer
Mining Division